

USHA MARTIN LIMITED
POLICY FOR REGULATION OF RELATED PARTY TRANSACTIONS OF THE COMPANY

The Policy for Regulation of Related Party Transactions (“**Policy**”) has been adopted by the board of directors (“**Board**”) of Usha Martin Limited (“**Company**”) to provide guidance to the Board, Audit Committee and senior management of the Company to ensure fairness in all Related Party Transactions (as defined below) of the Company.

This Policy is intended to supplement, and not to supersede, all other policies of the Company that may be applicable to, involve or relate to transactions with Related Parties (as defined below).

The Policy shall be applicable to the transactions entered into on or after 1st October, 2014.

The Audit Committee of the Company shall be responsible for the implementation of this Policy. The Audit Committee will be accountable to the Board.

1) Definitions

- a) **Arms length transaction** shall mean a transaction entered between two related parties that is conducted as if they were unrelated and there is no conflict of interest.
- b) **Office or place of profit** means any office or place—
 - i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise
 - ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise
- c) **“Related Party Transaction”** shall mean a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and includes any contract or arrangement of the Company with a Related Party with respect to:
 - i) sale, purchase or supply of any goods or materials; or
 - ii) selling or otherwise disposing of, or buying, property of any kind; or
 - iii) leasing of property of any kind; or
 - iv) availing or rendering of any services; or
 - v) appointment of any agent for purchase or sale of any goods, materials, services or property; or
 - vi) such related party’s appointment to any office or place of profit in the Company or any of its subsidiaries or affiliates; or
 - vii) underwriting the subscription of any securities or derivatives thereof, of the Company.
 - viii) use of trademarks, brands, logos, patents, designs or any other intellectual property rights.
- d) **Related Party**” shall have the same meaning ascribed to the terms under the Companies Act, 2013 (“**Act**”) and applicable accounting standards. For ease of reference, these are reproduced here under:
 - i) a director or his relative;
 - ii) a key managerial personnel (includes MD, Manager, WTD, CFO and CS) or his relative;

- iii) a firm, in which a director, manager or his relative is a partner;
- iv) a private company in which a director or manager is a member or director;
- v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii) any company which is—
 - a holding, subsidiary or an associate company of the company; or
 - a subsidiary of a holding company to which it is also a subsidiary;
- ix) a director other than independent director or key managerial personnel of the holding Company or his relative;
- x) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- xi) associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- xii) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- xiii) enterprises over which any person described in (ii) or (xii) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

e) **Relative** in relation to an individual shall mean the following:

- i) They are members of a Hindu undivided family
- ii) They are husband and wife; or
- iii) Father (including step-father)
- iv) Mother (including step-mother)
- v) Son (including step-son)
- vi) Son's wife
- vii) Daughter
- viii) Daughter's husband
- ix) Brother (including step-brother)
- x) Sister (including step-sister)

2) **Disclosure of transactions**

- a) Concerned employee, manager and director of the Company shall promptly notify the Company Secretary and/or the Chairman of the Audit Committee of the Company of any transaction proposed to be entered into by the Company with a Related Party.

- b) Such employee, manager or director shall provide, to the Company Secretary and/or the Chairman of the Audit Committee of the Company, details of:
- i) the transaction to be entered into by the Company;
 - ii) the Related Party and the basis on which the person is or could be considered a Related Party; and
 - iii) any other information regarding the transaction or the Related Party that could be material or as may be requested.

3) Approval of Related Party Transactions by the Audit Committee:

- a) All Related Party Transactions except in b (iii) herein below shall require prior approval of the Audit Committee.
- b) Where proposed transactions are of repetitive, on an arm's length basis and in ordinary course of business:
- i) If the transaction / transactions to be entered into individually or taken together with previous transactions during the current financial year, does not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company

- Where name of related party and nature of transactions can be foreseen

The Audit Committee may grant omnibus approval for transactions which are repetitive in nature after considering all relevant facts and circumstances, (including but without limitation the following) and if it is satisfied that such transactions are in the best of interest of the Company:

- (a) commercial reasonableness of the terms of the transaction,
- (b) the benefit or the perceived benefit, or lack thereof, to the Company,
- (c) the availability and/or opportunity costs of alternate transactions,
- (d) the materiality and character of the Related Party's direct or indirect interest,
- (e) actual or apparent conflict of interest of the Related Party.

Such omnibus approval shall specify the following:

- (f) the name/s of the related party,
- (g) nature of transaction,
- (h) period of transaction,
- (i) maximum amount of transaction that can be entered into,
- (j) the indicative base price / current contracted price and the formula for variation in the price if any and
- (k) any other conditions as the Audit Committee may deem fit;

- Where name of related party and nature of transactions cannot be foreseen

The, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

Provided that such omnibus approvals mentioned above shall be valid for a period not exceeding one year from date of approval or the period suggested in approval and shall require fresh approvals after the expiry of such period.

ii) If the transaction / transactions to be entered into individually or taken together with previous transactions during current financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company

- Such transactions cannot be entered into except with the prior approval of the shareholders through special resolution.
- Audit Committee shall recommend to the Board for its' consideration and obtaining the requisite approval of the shareholders by way of a special resolution.

iii) **The procedure mentioned under above namely (a), (b) (i) & (ii) do not apply to transactions between the Company with its' wholly owned subsidiaries. However, to avail this exemption the accounts of such subsidiaries are consolidated with the account of the Company and placed before the shareholders of the Company at general meetings for approval.**

c) Where proposed transactions are not on arms length basis or in ordinary course of business:

- The Audit Committee shall recommend the matter to the Board for consideration along with its observation.

Further, in respect of such transactions which cross following threshold limits, the Audit Committee shall recommend the same to Board for obtaining prior permission of shareholders by a special resolution.

- (a) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent of the turnover of the Company or rupees one hundred crore, whichever is lower; or
- (b) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent. of net worth of the Company or rupees one hundred crore, whichever is lower; or
- (c) leasing of property of any kind exceeding ten per cent of the net worth of the Company or ten per cent of turnover of the Company or rupees one hundred crore, whichever is lowest; or
- (d) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the Company or rupees fifty crore, whichever is lower; or
- (e) appointment to any office or place of profit in the company, its subsidiary company or associate Company at a monthly remuneration exceeding two and half lakh rupees; or
- (f) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth of the Company;

Turnover or Net Worth referred above shall be computed on the basis of the audited financial

statement of the preceding financial year.

- d) Where proposed transactions involve use of trademarks, brands, logos, patents, designs or any other intellectual property rights, Audit Committee will review such transactions and recommend to Board for approval.

4) Review by Audit Committee

- a) The Audit Committee shall every quarter review all related party transactions including those for which earlier omnibus approval and / or prior approval of the shareholders has been obtained.
- b) The implementation and compliance of this Policy shall be subjected to quarterly audit by the internal audit department of the Company and annually by the external internal auditors, their report(s) shall be placed before the Audit Committee.

5) General

- a) Any person, being an employee, manager or director of the Company, who is a Related Party or if the Related Party relationship arises through any person being an employee, manager or director of the Company, shall provide to the Audit Committee complete details of the transaction under review, as requested from time to time.
- b) In case of an enquiry of a transaction where a member of the Audit Committee is the concerned Related Party or if the Related Party relationship arises through him then, such member shall not participate in the process of review of such transaction.

6) Disclosure

All Related Party Transactions shall be disclosed by the Company in the form and the manner prescribed under the applicable accounting standards issued by the Institute of Chartered Accounts of India and the Central Government, Clause 49 of the Listing Agreement, Act and rules made there under.

7) Amendment

The Audit Committee will monitor the effectiveness and review the implementation of this Policy, regularly considering its suitability, adequacy and effectiveness. Any improvements or modifications identified will be made as soon as possible.