



METAL COATINGS (INDIA) LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

[Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”)]

SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under section 188 of the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Metal Coatings (India) Limited (“MCIL” or “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, MCIL has framed this Policy on Related Party Transactions (“Policy”). The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy once in three years and may amend the same from time to time.

DEFINITIONS

“Arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Audit Committee” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the Listing Agreement and the Companies Act, 2013.

“Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“Board” means the Board of Directors of Metal Coatings (India) Limited.

“Company” means Metal Coatings (India) Limited.

“Key Managerial Personnel (KMP)” in relation to a company, means as defined under section 2(51) of the Companies Act, 2013, viz. (i) the Chief Executive Officer or the Managing Director or the Manager (ii) the Whole-time Director (iii) the Company Secretary, (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed.

“Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds the thresholds as defined under the Companies Act, 2013 or Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Ordinary Course of Business” for the purpose of this policy will cover the businesses of MCIL& its ‘Group’, usual transactions, customs and practices of a business including incidental and/or facilitative activities of the business of MCIL and its ‘Group’. The following factors have been considered for determination of whether the transactions are in ordinary course of business:

- a. The objects of the company permit the activities undertaken
- b. There is a historical practice to conduct such activities
- c. A pattern of frequency to conduct such activities over a period of time, and
- d. The transactions are common in industrial practice.

“Policy” means this Policy, as amended from time to time.

“Related Party” in relation to the Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

“Related Party Transaction” means any transaction directly/indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another if

- a. they are members of a Hindu Undivided Family
- b. they are husband and wife ; or
- c. Father (including step-father)
- d. Mother (including step-mother)
- e. Son (including step-son)
- f. Son’s wife
- g. Daughter
- h. Daughter’s husband
- i. Brother (including step-brother)
- j. Sister (including step-sister)

OBJECTIVE

The objective of this Policy is to set out:-

- (a) the materiality thresholds for related party transactions and;
- (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel of the Company is responsible for providing notice to the Board or the Audit Committee, of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

All Directors are required to declare and disclose their concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change in disclosures. In addition, the Directors shall ensure

that any business transactions entered into between MCIL and themselves comply with the terms of this Policy.

The Company prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

The Audit Committee is required to approve only related party transactions which are at arm's length and in ordinary course of business. However, in case, there are any transactions which are not at arm's length or which are concluded to be not in ordinary course of business, the Company would need the following additional approvals as mentioned hereunder:

1. Transactions with related parties which are in ordinary course of business of the Company and at arm's length shall be periodically disclosed to the Audit Committee/Board of Directors.
2. In case of transactions which are 'material' in nature and/or not in the ordinary course of business or not at arm's length, the management shall present the following information to the Audit Committee/Board of Directors for approval of those Related Party Transactions as per the provisions of the Companies Act, 2013:
 - a. name of the related party and nature of relationship
 - b. the nature, duration of the contract and particulars of the contract or arrangement;
 - c. the material terms of the contract or arrangement including the value, if any;
 - d. any advance paid or received for the contract or arrangement including the value, if any;
 - e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as of the contract;
 - f. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
 - g. any other information relevant or important for the Board to take a decision on the proposed transaction.

After reviewing such information, the members of the Audit Committee (without the participation of the interested Committee member(s), if any) shall approve or disapprove such transactions. If the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve any Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

The Company shall also seek prior approval of shareholders by way of ordinary resolution (where the concerned related party shall not vote on such a resolution) for all Material Related Party Transactions and/or for such related party transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3. The Audit Committee may grant omnibus approval for such Related Party Transactions which are unforeseen and repetitive in nature provided, the validity of such transactions is upto one year and the value does not exceed Rs. 1 crore per transaction.

4. If any material information with respect to any approved transaction has changed, the management shall provide the updated information to the Committee.

In terms of the Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the Audit Committee and the shareholders shall not be required for the transactions entered into between the Company and its wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

1. In the event the Company becomes aware of any transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction (including reasons of failure to report such transaction) and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.
2. All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

DISCLOSURES

The Company shall make the following disclosures:

- a. The particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties shall be made in the Director's Report which forms a part of the Company's Annual Report along with the justification for entering into such contract or arrangement.
- b. This Policy shall also be uploaded on the website of the Company and a web link there to shall be provided in the Annual Report.
- c. The details of all material transactions with related parties shall be disclosed on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company.

POLICY REVIEW

The Audit Committee may review this policy from time to time and recommend any changes to the Board for approval.