

USHA MARTIN LIMITED

POLICY ON MATERIALITY AND FOR DEALING WITH RELATED PARTY TRANSACTIONS

The Policy on Materiality and for Dealing with 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 of the Company.

This Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 (“Act”) and Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) as amended from time to time.

A) DEFINITIONS

- i) “Arms length transaction” shall mean a transaction entered between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.
- ii) “Material modifications” shall mean modification of those related party transactions which have been approved earlier and where such modifications has a variance of $\pm 20\%$ of the earlier approved limit.
- iii) “Related Party” shall have the same meaning as specified under the Act and the Rules made thereunder and relevant Regulations of SEBI (LODR), including any amendment(s) or modification(s) made thereof as may be applicable.
- iv) “Related Party Transactions” shall mean such transactions as specified under the Act and the Rules made thereunder and relevant Regulation(s) of SEBI LODR, including any amendment(s) or modification(s) made thereof as may be applicable.
- v) “Relative” shall have the same meaning as specified under the Act and the Rules made thereunder and relevant Regulations of SEBI (LODR), including any amendment(s) or modification(s) made thereof as may be applicable.
- vi) All other words and expressions used but not defined in this Policy, but defined in the Companies Act, 2013 (“Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and/or the rules and regulations made thereunder including any statutory modification or re-enactment thereto the case may be, shall be applicable as.

B) INTIMATION OF TRANSACTIONS

- i) Every employee and director of the Company having knowledge of any proposed related party transaction of the Company shall promptly inform the Chief Financial Officer and the Company Secretary of the Company about any such transaction proposed to be entered into with a Related Party.
- ii) Every Director and Key Managerial Personnel shall be responsible for providing a declaration with respect to his Related Party to the Company Secretary on an annual basis and whenever there is any change from his last submitted declaration in the prescribed format as provided in the Act and SEBI (LODR).

C) APPROVAL OF RELATED PARTY TRANSACTION

- i) All Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or by any other as provided by the Act or Rules made thereunder. However, such approval shall be subject to any exemption provided by the Act or Rules framed thereunder and SEBI (LODR) as amended.
- ii) The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature. The Audit Committee may also grant omnibus approval for Related Party Transactions (subject to individual limit per transaction and aggregate limit for all such transactions) that cannot be foreseen and for which the aforesaid details are not available. Such Omnibus Approval(s) shall be granted by the Audit Committee in accordance with the provisions of the Act and Rules framed thereunder and SEBI (LODR) as amended from time to time.
- iii) In the event any contract or arrangement with a Related Party is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Act and the Rules framed thereunder and SEBI (LODR) and obtain approval of the Board or the shareholders, as applicable, for such contract or arrangement.
- iv) All material Related Party Transactions other than those exempted as per the provisions of the Act and Rules framed thereunder and SEBI (LODR) shall be placed for approval of the shareholders of the Company.
- v) 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 approval of such transaction.

D) REVIEW OF RELATED PARTY TRANSACTION

- i) 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.
- ii) Related Party Transactions of the Company shall be semi-annually reviewed by an external independent firm. Their report(s) shall be placed before the Audit Committee.

E) Disclosure

Related Party Transactions shall be disclosed by the Company in the form and the manner prescribed under the applicable regulatory framework.

F) Amendment

- i) The Audit Committee will monitor the effectiveness and review the implementation of this Policy regularly considering its suitability, adequacy and effectiveness. Further this Policy shall be reviewed by the Board of Directors once in every three years and make necessary modifications.
- ii) In case of any conflict between the clause(s) of this Policy with the provisions of Act and Rules framed thereunder and / or SEBI LODR, then the provisions of Act and Rules framed thereunder and / or SEBI LODR or any other statutory enactments shall prevail over this Policy. Any subsequent amendment/ modification in Act or SEBI LODR, in this regard will automatically apply to this policy.