

**RHI MAGNESITA INDIA LIMITED
POLICY ON
“RELATED PARTY TRANSACTIONS”**





RHI MAGNESITA

RHI MAGNESITA INDIA LTD.
 (Formerly Orient Refractories Ltd.)
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POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

RHI Magnesita India Limited (hereinafter referred to as “RHIM” or “The Company”) recognizes that Related Party Transactions (as defined below) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company and its shareholders’ best interests and in compliance to the provisions of the Companies Act, 2013 and clause 49 (Revised as on 15.09.2014) of the Listing Agreement.

1.1 POLICY

All related party transactions must be reported to Audit Committee for their approval in accordance with this policy. Prior approval is required for entering into related party transactions.

“All Material related transactions”, “transaction exceeding the prescribed limits”, “transactions not carried on arm’s length basis” and “the transactions carried not in the ordinary course of business” shall require approval of the shareholders through special resolution.

All related parties shall abstain from voting on such resolution.

2. DEFINITIONS

2.1 ACT

“Act” means the Companies Act, 2013 including any amendment or modification thereof.

2.2 ARM’S LENGTH TRANSACTION

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated.

2.3 ASSOCIATE

“Associate” means a Company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements”.

2.4 AUDIT COMMITTEE

“Audit Committee” means the Committee of the Board formed under section 177 of the Act and Clause 49(III) of the Listing Agreement.

2.5 BODY CORPORATE

“Body Corporate” means an entity as defined in Section 2(11) of the Companies Act, 2013.

2.6 CLAUSE 49

“Clause 49” means the Clause 49 of the Listing Agreement, as entered into by the Company with the stock exchanges including any amendment or modification thereof.

2.7 COMPANY

“Company” means RHI Magnesita India Limited.

2.8 DIRECTOR

“Director” means a person as defined in Section 2(34) of the Companies Act, 2013.



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2.9 EMPLOYEES

“Employees” shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.

2.10 KEY MANAGERIAL PERSONNEL

“Key Managerial Personnel” shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.

2.11 MATERIAL RELATED PARTY TRANSACTIONS

“Material Related Party Transactions” shall mean a transaction as defined as material in Clause 49(VII)(C) of the Listing Agreement or any other law or regulation including any amendment or modification thereof, as may be applicable.

2.12 ORDINARY COURSE OF BUSINESS

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

2.13 RELATIVE

“Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

2.14 RELATED PARTY

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Clause 49(VII) (B) of the Listing Agreement.

2.15 RELATED PARTY TRANSACTIONS

“Related Party Transactions” shall mean such transactions as specific under Section 188 of the Act or rules made thereunder and Clause 49(VII)(A) of the Listing Agreement including any amendment or modification thereof, as may be applicable.

2.16 SUBSIDIARY

“Subsidiary” means a Company as defined in Section 2(87) of the Companies Act, 2013.

2.17 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

3. RELATED PARTY TRANSACTIONS UNDER THE POLICY

3.1 Any transfer of resources, services or obligations between the Company and a related party, would get covered as a ‘**Related Party Transaction**’, whether or not, there is an element of consideration or price.

3.2 PROHIBITED RELATED PARTY TRANSACTIONS

Any transaction with a Related Party can be undertaken only if it is in compliance with the law.

3.3 APPROVAL PROCESS

All the transactions which are identified by the audit committee as related party transactions should be pre-approved by the Audit Committee before entering into such transactions. The Audit Committee shall consider the following factors –

- a. The Audit Committee satisfy itself the need for such pre-approval and that such approval is in the interest of the Company;



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- b.** Such pre approval shall specify the following:
- Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and
 - Such other conditions as the Audit Committee may deem fit.
- c.** In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant preapproval for such transactions subject to their value not exceeding Rs. 1.00 crore per transaction;
- d.** The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the pre-approval given,
- e.** Such pre-approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

In the case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business and the Related Party shall abstain from voting on such resolutions.

The following types of transactions will also require approval from shareholders:

- Transactions exceeding the prescribed limits
- Transactions not in the ordinary course of business
- Transactions in the ordinary course of business if not done at an arm's length
- Material Transactions as defined under clause 49 (VII) (C) of the listing agreement

4. TRANSACTIONS AT ARM'S LENGTH

The Audit Committee will assess whether transactions with related parties are done at an arm's length and it will adopt generally accepted practices and principles in determining whether the transaction is at "arms' length".

5. DISCLOSURE BY DIRECTORS/ KMPS

A. DISCLOSURE OF INTERESTS

- All Directors/ KMPS are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form.
- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.
- The Company shall maintain Register in the prescribed form.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web-link thereto shall be provided in the Annual Report.



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- Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance., as required under listing agreement.

B. DISCLOSURE OF RELATED PARTY TRANSACTION ENTERED WITH THE COMPANY

Each Director and KMPs of the Company is responsible for providing declaration/ notice in the prescribed Form to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he/ she or his / her relative is interested, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with the management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

6. GUIDING PRINCIPLES FOR APPROVAL OF A RELATED PARTY TRANSACTION BY THE BOARD/ AUDIT COMMITTEE THEREOF

To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- Whether the Related Party Transaction would present an improper conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director, KMP or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.

In case the Board/ Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/ Audit Committee has authority to modify or waive any procedural requirements of this Policy.

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