

Policy on Related Party Transactions

Preamble

The Board of Directors (the “Board”) of Sagardeep Alloys Limited (the “Company”), adopts the following policy and procedures with regard to Related Party Transactions and Material Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made thereunder and any subsequent amendments thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in order to ensure the transparency and procedural fairness of such transactions.

Objective and Applicability of the Policy

The Board of Directors (“the Board”) of Sagardeep Alloys Limited or (“the Company”), after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions & Material Related Party transactions, in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

This policy is applicable to Sagardeep Alloys Limited. The policy may be adopted by the Board of Directors of subsidiary companies. Accordingly, the terms 'Company', 'Board of Directors', 'Audit Committee', 'Nomination and Remuneration Committee', 'Corporate Social Responsibility Committee' shall be construed with reference to the respective companies. In case the Company is not required to constitute any of the Committee as per the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the reference to the Committees in this policy shall be read as the 'Board of Directors'.

Definitions

“**Policy**” means Related Party Transaction Policy.

“**Arm’s Length Transactions**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Related Party**” means related party as defined in Section 2(76) of Companies Act, 2013

“**Related Party Transaction**” means any transaction directly or 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 and includes following-

1. Sale, Purchase or supply of any Goods or materials
2. Selling or otherwise disposing of, or buying, property of any kind
3. Leasing of Property of any kind
4. Availing or rendering of any services
5. Appointment of any agent for purchase or sale of goods, materials, services or property
6. Appointment to any office or place of profit in the Company, its subsidiary, or associated company
7. Underwriting the subscription of any securities or derivatives thereof, of the company

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

- 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)

“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 Ten Percent of the Consolidated annual turnover of the Company as per the last audited financial statements of the Company.

Dealing with Related Party Transactions

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of Directors of the Company in accordance with this policy. In dealing with Related Party Transactions, the Company will follow the following approach:

Identification of Related Party Transactions:

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

Review and Approval of Related Party Transactions

Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Chief Financial Officer / Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

The Audit Committee shall grant omnibus approval to Related Party Transactions that are:

- Repetitive in nature; and/or
- Entered in the ordinary course of business and are at Arm's Length.

The expression Arm's Length has the meaning ascribed to it under Section 188 of the Companies Act, 2013.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

The transaction in question is necessary to be executed as it is in the business interest of the Company;

If the transaction to be entered into with a Related Party is concerning technology transfer, intellectual property or specialized services that are proprietary in nature;

The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in ordinary course of business;

Such omnibus approval shall specify (i) the name's of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative value and the formula for variation in the value, if any and (iii) such other conditions as the Audit Committee may deem fit;

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company. Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will reclude him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has a potential interest in such Related Party Transaction will reclude him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Material Related Party Transactions

All Material Related Party Transactions shall be placed for approval of shareholders through Special Resolution. However, the Material Related Party Transactions entered between the Company and its wholly owned subsidiaries shall not require approval of shareholders.

Disclosure(s)

The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

Amendments to the Policy

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

This Policy shall come into effect from 13th Day of August 2016.

Place: Ahmedabad