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 ("SEBI Listing 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 ("SEBI Listing Regulations"), 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 Regulations 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 shall review the Policy once in three years and may amend the same from time to time.

This policy shall modulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company. The words and expressions used but not defined herein, shall have the same meaning as defined in the Companies Act and Listing Regulations or any other applicable law or regulation, as amended from time to time.

OBJECTIVE

The objective of this Policy is to set out: -

(a) the basis of identifying related parties of the Company as well as related party transactions;
(b) the materiality thresholds for related party transactions and;
(c) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23(1) of SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.
(d) to ensure highest standard of Corporate Governance, transparency, probity, and ethical standards in all dealings of the Company with Related Parties such that its reputation is well protected, and it continues to enjoy high levels of trust and confidence of investors, regulatory authorities and other stakeholders.

DEFINITIONS

"***Act/Applicable Laws***" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof. It shall also include Listing Regulations and any other statute, law, standards, regulations, guidance note or other governmental instruction relating to Related Party Transactions.

"***Arm's length transaction***" shall be as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013, 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 SEBI Listing Regulations and the Companies Act, 2013 and Companies Act, 2013 as amended from time to time.

"***Associate Company***" as per Section 2(6) of the Companies Act, 2013, 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.

Explanation — For the purposes of this clause,

(a) the expression "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement.

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

"***Board***" means the Board of Directors of Metal Coatings (India) Limited, as constituted from time to time.

"***Control***" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. i.e.

"It shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner."

"***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 Company Secretary,
(iii) the Whole-time Director
(iv) the Chief Financial Officer; and
(v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed.

"***Material Related Party Transaction***"

i. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in **Schedule XII** of the Listing Regulations.

ii. Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

"Material Modification" shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 10% or rupees fifty crore, whichever is higher.

"*Material Modification in Related Party Transactions*" in terms of Listing Regulations means any modification(s) in the price, quantity or overall transaction value having a variance of 10% or more, in the relevant previously approved related party transaction.

"***Ordinary Course of Business***" for the purpose of this policy, Ordinary course of Business 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 under the applicable accounting standards.
Provided that:
(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
(b) any person or any entity, holding equity shares:
(i) of twenty per cent or more; or
(ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;
shall be deemed to be a related party.

"***Related Party Transaction***" meaning as defined under Section 188 of the Act and Regulation

2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean 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 a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –

a. sale, purchase or supply of any goods or materials;
b. selling or otherwise disposing of, or buying, property of any kind;
c. leasing of property of any kind; d. availing or rendering of any services;
d. appointment of any agent for purchase or sale of goods, materials, services or property;
e. appointment to any office or place of profit in the Company, its subsidiary or associate company
f. underwriting the subscription of any securities or derivatives thereof, of the Company.

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
    i. payment of dividend;
    ii. subdivision or consolidation of securities;
    iii. issuance of securities by way of a rights issue or a bonus issue; and
    iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel:

"*Relative*" means relative as defined under Section 2(77) of 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)

"***Industry Standards***" shall mean the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" as notified by SEBI vide its circular dated June 26, 2025, and subsequently as amended from time to time.

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.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Audit Committee & Shareholders seeking approval:

a. Residual Related Party Transactions.
b. Specific Related Party Transactions.
c. Material Related Party Transactions.

POLICY

All Related Party Transactions are to be firstly reported to the Audit Committee and referred for approval of the Board by the Committee in accordance with this policy.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

The Company shall place all information, as prescribed under the Companies Act, 2013, SEBI Listing Regulations, including the information pursuant to the RPT Industry Standards and circulars issued by SEBI from time to time, before the Audit Committee and Shareholders, as applicable, for their approval/ ratification.

The industry standards are not applicable to RPTs with value less than **Rs. 1 crore** in a year.

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.

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.

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.

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

All material related party transactions and subsequent material modifications as defined by the audit committee in this policy shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether MCIL is a related party to the particular transaction or not.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier subject to following conditions:

i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore;
ii. the transaction is not material as per Regulation 23(1) of Listing Regulations;
iii. rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23(9) of Listing Regulations;
v. any other condition as specified by the Audit Committee:

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

In case of any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval of Shareholders under Section 188(1) and if it is not ratified by the Board or, as the case may be, by the Shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the Shareholders and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

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. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
c. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
d. The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.
e. 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.
f. Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company.

g. In accordance with Regulation 23(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of all Related Party Transactions conducted during the financial year shall be disclosed to the Stock Exchange.

   Provided further that the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under Regulation 23(9) of Listing Regulations provided that the same is not material in terms of the provisions of Regulation 23(1) of Listing Regulations.

POLICY REVIEW

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

Any amendment or modification in the Listing Regulations, the Act, or any other applicable laws, impacting this Policy, shall automatically apply, and the relevant provisions of this Policy will be deemed amended accordingly, even if not explicitly updated.

In case of any inconsistency between this Policy and the applicable laws, as may be amended from time to time, the provisions of such applicable laws would prevail over this Policy.