

**POLICY ON
RELATED PARTY
TRANSACTION
OF
SRU STEELS LIMITED**

(Effective from October 01, 2016)

Approver	Board
Updated on:	May 30, 2022

TABLE OF CONTENT

NO	DETAILS	PAGE NO.
1.	INTRODUCTION	3
2.	OBJECTIVES	3
3.	DEFINITIONS	3 -6
4.	REVIEW AND APPROVAL OF RELATED-PARTY TRANSACTIONS	7-9
5.	OMNIBUS APPROVAL	10
6.	APPROVAL OF THE BOARD AND THE SHAREHOLDERS	11-12
7.	DISCLOSURE	12
8.	POLICY REVIEW	12

SRU Steels Limited- Policy on RPT

1. INTRODUCTION

SRU Steels Limited (“the Company”) has formulated this Related Party transaction Policy (“this Policy”) in line with the Regulation 23 of the Securities & Exchange Board of India (Listing Obligation and Disclosure Requirements), 2015 as amended by Securities and Exchange of India (Listing Obligation and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 (“**LODR Regulations**”).

This Policy shall regulate the transactions between the Company and its Related Parties as per the requirements and disclosures under the applicable laws and regulations.

2. OBJECTIVES

The Board of Directors of the Company has approved this Policy to set forth the procedures under which transactions between the Company and Related Parties shall be identified and reviewed for approval or ratification in accordance with the procedures set forth below and as prescribed under LODR Regulations and the Companies Act 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof) (the “Act”).

No Related Party transaction may be entered into or no existing Related Party transaction shall be modified or renewed by the Company, except in accordance with the provisions of this Policy.

3. DEFINITIONS

- a) “**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.

Explanation.—For the purpose of this clause,—

- i. the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;
- ii. 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;

- b) “**Audit Committee**” or “**Committee**” means the audit committee of the Board of Directors of the Company constituted in accordance with the requirements prescribed under the Act and LODR Regulations.

SRU Steels Limited- Policy on RPT

- c) **"Holding company"**, in relation to one or more other companies, means a company of which such companies are subsidiary companies.

Explanation- For the purposes of this clause, the expression "company" includes anybody corporate.

- d) **"Key Managerial Personnel"** shall have the meaning prescribed under the Companies Act, 2013

- e) **"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.

- f) **"Material Related Party Transaction"** means any transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 1,000 crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

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 Company as per the last audited financial statements of the Company.

- g) **"Related Party"**: - an entity shall be considered related to the Company if:
- i. such entity is a related party under Section 2(76) of the Act ; or
 - ii. such entity is a related party under the applicable accounting standards.

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the Company; or
- b) any person or any entity, holding equity shares:
- (i) of 20% or more; or
 - (ii) of ten per cent or more, w.e.f 01.04.2023.

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year;

shall be deemed to be a related party. (Annexure -A)

SRU Steels Limited- Policy on RPT

h) “**Related party transaction**” means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

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 by the listed entity 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:

i) “**Material Modification**” means modification(s) in the pricing or overall transaction value of a previously approved related party transaction having a variance of 20% (twenty percent) or more.

j) “**Relative**” shall have the meaning prescribed to it under the Companies Act, 2013.

A person shall be deemed to be relative of another, if he or she is related to another

SRU Steels Limited- Policy on RPT

in the following manner namely;

- i. they are members of a Hindu undivided family;
- ii. they are husband and wife; or
 - i. Father (including step-father)
 - ii. Mother (including step-mother)
 - iii. Son (including step-son)
 - iv. Son's wife
 - v. Daughter
 - vi. Daughter's husband
 - vii. Brother (including step-brother)
 - viii. Sister (including step-sister)

- k) **"Subsidiary company" or "Subsidiary"** in relation to any other company (that is to say the holding company), means a company in which the holding company-
- i. controls the composition of the Board of Directors; or
 - ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation- For the purposes of this clause,-

- i. a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- ii. the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- iii. the expression "company" includes anybody corporate;
- iv. "layer" in relation to a holding company means its subsidiary or subsidiaries;

All other words and expressions used but not defined in these regulations, but defined in the Act or the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. RELATED PARTIES

The Related Parties of the Company would have to be identified and ascertained in light of the aforementioned definition of Related Party.

Each director, manager and key managerial personnel of the Company shall disclose to the Company, a list of all persons, companies, firms, body corporates and other entities (together with their interest/holding thereunder) who/which would be categorized as a Related Party to the Company. The list shall be submitted to the Company :

(i) at the time of appointment of such person to office; and

(ii) at the first meeting of the Board held in every financial year,

subject to immediately intimating the Company of any modification/variation to the list so provided.

The obligations of the directors and key managerial personnel of the Company to disclose their interest as required under the Act are in addition and not in substitution of the aforementioned obligations. In addition, the directors have to give an undertaking that all business transactions entered into between the Company and themselves comply with the terms of this Policy.

Similarly, the disclosure obligations of the directors and key managerial personnel hereunder would not supersede or prevail over the right and obligation of the Audit Committee and the Board to evaluate and determine whether a party is a Related Party, whose decision shall be final.

i. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

1. Subject to the omnibus approval process referred to under Regulation 23 of LODR Regulations and hereunder, all Related Party Transactions and subsequent Material Modifications shall require the prior approval of the Audit Committee and only those members of the audit committee, who are independent directors, shall approve related party transactions.
2. Accordingly,
 - a. Prior to the commencement of each financial year, the Audit Committee shall meet to consider the Related Party Transactions of the Company for the financial year; and
 - b. During the financial year, if any Related Party Transaction is proposed to be entered, approval of the Audit Committee shall consider for the said Related Party Transaction at the relevant time.

SRU Steels Limited- Policy on RPT

3. The management shall present to the Audit Committee the following information with respect to each Related Party:
 - a. The name of the Related Party and the basis on which such person or entity is a Related Party (nature of relationship);
 - b. Nature, duration and particulars of the contract/transaction thereof;
 - c. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or other terms of the contract or arrangement including a justification for the proposed variations;
 - d. The value of the contract, the consideration for the contract, an advance payments or security deposits, the manner of determining the pricing and other commercial terms of the contract;
 - e. Copy of the agreement, contract, purchase order or correspondence etc., if any.
 - f. Valuation reports in case of sale or purchase or leasing / renting of capital assets such as building, if any and if required by the Committee.
 - g. Justification as to the arm's length nature of the proposed transaction; and
 - h. Any other relevant, important or material information regarding the transaction(s) or the Related Party's interest in the transaction(s), including such other information as the Committee may require.
4. After reviewing such information and after seeking such other information, documentation and clarifications that the Committee may require, the members of the Audit Committee (without the participation of the Audit Committee member(s) interested in the transaction, if any) may approve or disapprove such transaction(s), subject to such monetary or other limitations and conditions as the Committee may deem fit. The Committee may convene, adjourn, re-convene and hold afresh such number of meetings as it may require in this regard.
5. Approval of Related Party Transactions shall be given only if it is determined by the Audit Committee that such transactions are:
 - a) in (or not inconsistent with) the best interests of the Company and its shareholders; and
 - b) on terms that are fair and comparable to those that would be obtained in arm's length transactions with unrelated third parties.
 - c) within the threshold limits/ criteria approved by the Board of Directors.

SRU Steels Limited- Policy on RPT

The Committee shall have due regard to (i) the business and commercial rationale for the transaction; (ii) alternate options available with the Company; and (iii) the nature and extent of any interest, including any actual or potential conflict of interest of the management, Board members, key managerial personnel and shareholders.

6. No member of the Audit Committee shall participate in the review, consideration or approval process of any Related Party Transaction with respect to which he is interested.
7. Prior approval of the Audit committee shall be required for
 - a) All RPTs and subsequent Material Modifications
 - b) RPTs where Company's subsidiary is a party, but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company.
 - c) with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of such subsidiary.

Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party, but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

ii. OMNIBUS APPROVAL BY AUDIT COMMITTEE

The Audit Committee would grant omnibus approval only if it is satisfied of the need of such approval and that it meets the criteria set out hereinabove (Para 5) for approval of Related Party Transactions.

The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any.
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction. The thresholds and limitations set forth by the Committee would have to be strictly complied with, and any variation thereto including to the price, value or material terms of the contract or arrangement shall require the prior approval of the Audit Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details (as aforementioned) are not available, the Audit Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only).

Further, the Audit Committee shall, on a quarterly basis, review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

5. APPROVAL OF THE BOARD AND THE SHAREHOLDER

- a) All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all related party transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed in the Companies Act, 2013 as per Annexure B shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

- b) Pursuant to Regulation 23, All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party, but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

Provided that the provisions pertaining to -

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two

SRU Steels Limited- Policy on RPT

wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

6. DISCLOSURE

- a) Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- b) Material RPTs shall be provided in the notice to shareholders.
- c) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- d) The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - i. within 15 days from the date of publication of financials;
 - ii. simultaneously with the financials w.e.f. April 1, 2023 and also publish the same on its website.
- e) This policy will be uploaded on the website of the Company and the web-link of the policy shall be inserted in the Annual Report of the Company in every year.

7. POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI LODR.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI LODR or any other regulations (“the Regulations”) which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Board of Directors shall review atleast once in every 3 years and may amend this policy at any time, in whole or in part, from time to time as per the requirement of the Act or any statute.

1. Section 2(76) of the Act:

1.1. A related party means:

- i. a director or his relative;
- ii. a key managerial personnel or his relative;
- iii. a firm, in which a director, manager or his relative is a partner;
- iv. a private company in which a director or manager or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii. anybody corporate which is-
 - A. a holding, subsidiary or an associate company of such company;
 - B. a subsidiary of a holding company to which it is also a subsidiary; or
 - C. an investing company or the venturer of the company

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- ix. a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

ANNEXURE B

Category of Transactions	Threshold under the Act
Sale, purchase or supply of any goods or services	10% or more of the turnover
Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of an agent	10% or more of the net worth
Leasing of property of any kind	10% or more of the turnover
Availing or rendering of any services, directly or through appointment of an agent	10% or more of the turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of net worth

***Limits would apply to transactions entered into individually or taken together with previous transactions during a financial year**

**** Turnover and Net worth shall be computed on the basis of the audited balance sheet of the preceding financial year**