

**POLICY ON DEALING WITH  
RELATED PARTY  
TRANSACTIONS**

**1. Preface**

<b>Policy Title</b>	<b>Policy on dealing with Related Party Transactions</b>
<b>Version Number</b>	<b>1</b>
<b>Effective Date</b>	<b>01.12.2021</b>
<b>Authorised by</b>	<b>Board of Directors at its meeting held on 01.12.2021</b>
<b>Number of Revisions</b>	<b>NIL</b>
<b>Last Revised Date</b>	

This policy is intended to ensure proper approval and reporting of transactions between the Company and any of its related parties. This policy shall apply to all transactions entered into by the company with its related parties as per the applicable laws and regulations including the Companies Act, 2013 as amended (“**Act**”). The policy sets forth the nature of related party transactions, approvals and disclosure requirements. The Board of Directors of the Company may amend this policy from time to time.

**Definitions**

**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013 and LODR Regulations 2015.

**“Board”** means Board of Directors of the Company

**“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and the Indian Accounting Standards (**Ind AS**), as the case may be, and includes:

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the whole time director;
- (iii) the Company Secretary;
- (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;

**“Material Related Party Transaction”** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions

during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered as a Material Related Party Transaction, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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

“**Related Party**” means related party as defined under the Companies Act 2013 read with the Rules made thereunder and under the LODR Regulations 2015, which is presently as follows:

Section 2(76) of the Companies Act, 2013 read with Rule 3 of the Companies (Specification of definitions details) Rules, 2014, as amended

“Related party”, with reference to a company, 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) any body 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 under whose advice, directions or instructions a director or manager is accustomed to act;
- (viii) Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (ix) any body 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 venture of the company (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)
- (x) Director, other than an independent director, or key managerial personnel of the holding company or his relative with reference to a company.

“**Related Party Transaction**” means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and includes:

- 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;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company

Note: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

“**Relative**” means relative as defined under the Companies Act, 2013 read with Rule 4 of of the Companies (Specification of definitions details) Rules, 2014, as amended 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)

**Requirements of the respective regulations:**

**Companies Act 2013 (Act):**

As per Section 188 of the Act read with the rules made thereunder, all related party transactions requires prior approval of the Board or shareholders approval, if it exceeds the limits prescribed for the specified transaction, except transactions which are in the ordinary course of business and on arm’s length basis.

Section 177(4)(iv) of the Act, requires Audit Committee to approve transactions or any subsequent modification thereof of the company with the related parties.

**Ind AS 24 – Related Party Disclosures:**

Ind AS requires the disclosure of the related party relationship and the transactions with related parties in the annual report

Following are some examples of the related party transactions under Ind AS 24:

- Purchase or sale of goods (finished or unfinished)
- Purchase or sale of fixed assets

- Rendering or receiving of services
- Agency arrangements
- Leasing or hire purchase arrangements
- Transfer of research and development
- Licence agreements
- Finance (including loans and equity contributions in cash or in kind)
- Guarantees and collaterals
- Management contracts including deputation of employees

**Transactions with related parties:**

- All Transactions entered into by the Company with Related parties will be put up for approval of Audit Committee on regular basis. (Section 177 4 (iv) of Companies Act)
- All Transactions entered with Related parties will be done after prior approval of Audit Committee. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to compliance with following conditions:
  - a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
  - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
  - c. 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 base price / current contracted price and the formula for variation in the price if any and
    - (iii) such other conditions as the Audit Committee may deem fit;

Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

- d. Audit Committee shall review, atleast on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of one year

**Companies Act 2013 (Act):**

- For the Transactions which are not in Ordinary course of Business or not as per Arm's Length pricing or both will be put up for prior approval to Board or Shareholders, if applicable (Section 188 of Companies Act).

**Voting**

In determining whether to approve or ratify a Related Party Transaction, the Committee / Board, as the case may be, shall take into account among other factors it deems appropriate, whether the Related Party Transaction is in the ordinary course of business of the Company and on arm's length basis and the extent of the related party's interest in the transaction. For this purpose, the Audit Committee / Board, as the case may be, are entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.

**Companies Act 2013 (Act):**

- If any director of the Company is interested in any contract or arrangement with a related party, such director cannot be present at the board meeting of the Company during discussions in the matter.
- Members who are related parties in the context of the related party contract or arrangement for which special resolution is to be passed shall not vote to approve the special resolution if such Member is a related party.

**Related party transactions should be at Arm's Length Price (ALP):**

- All related party transactions should be adequately supported by Contracts or purchase orders/ work order or sales order and documentations to justify ALP.
- If ALP cannot be justified for any transaction, then approval should be taken from Board and shareholders.

**Approval for Transactions entered by Wholly owned Subsidiaries (WOS) which are not in Ordinary course of Business/not on Arm's Length basis.**

- For the Transactions which are not in Ordinary course of Business or not as per Arm's Length pricing or both for any WOS of Company, the same will be put up for approval to the Audit Committee, Board and Shareholders of Piombino Steel Limited.

**Reporting and disclosure of related party transactions:**

- Director's report shall contain details of Related Party Transactions as required under the Companies Act, 2013.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- This Policy will be communicated to all operational employees and other concerned personnel of the Company.

**Threshold limits for dealing with related parties:**

The related party transactions to be entered into by the Company shall be within the following limits with a particular related party as specified against the respective nature of transaction as given below:

Nature of Transaction	Limit per FY
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# PIOMBINO STEEL LIMITED

## Policy on dealing with Related Party Transactions

Sale, purchase or supply of any goods or materials directly or through appointment of agent.	Ten percent or more of the turnover of the Company or rupees one hundred crore, whichever is lower,
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent.	Ten percent or more of net worth of the Company or rupees one hundred crore, whichever is lower,
Leasing of property of any kind.	Ten percent or more of the net worth of Company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower,
Availing or rendering of any services directly or through appointment of agent	Ten percent or more of the turnover of the Company or rupees fifty crore, whichever is lower
Underwriting the subscription of any securities or derivatives thereof, of the company	One percent of the net worth of the Company
Deposits / Loans / Advances/ Corporate Guarantees	Five percent or more of the turnover of the Company
Brand Licensing	Two percent or more of the annual consolidated turnover of the Company as per the last audited financial statement of the Company
Donation	*Five per cent of its average net profits for the three immediately preceding financial years

\* Aggregate limit for all related parties taken together in one financial year.

### **Subjugation**

This policy shall be subject to the provisions contained in the Companies Act, 2013, any guidelines/ directives issued by The Ministry of Corporate Affairs from time to time.

### **Review**

This policy is subject to periodic review by the Board and may only be amended by a resolution of the Board.