

# **BAJAJ STEEL INDUSTRIES LIMITED**

## **RELATED PARTIES TRANSACTIONS POLICY**

### **1. PREAMBLE :**

**Bajaj Steel Industries Limited (the "Company")** has adopted this Policy on Related Party Transactions, in line with requirements of Section 188 of the Companies Act, 2013 (the "Act") and Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

The Audit Committee will review the Related Party Transaction Policy and may amend from time to time subject to the approval of the Board of Directors of the Company. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy. This Policy applies to transactions between the Company and one or more of its Related Party Transactions including material transactions.

### **2. OBJECTIVE :**

The objective of this Policy is to set out :

- (a) The materiality thresholds for Related Party transactions and ;
- (b) The manner of dealing with transactions between the Company and its Related Parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

### **3. DEFINITIONS :**

**"Arm's Length Transaction"** means a transactions between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

**"Ordinary Course of Business"** means a transaction which is :

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MOA') of the Company as amended from time to time, or
- common commercial practice, or
- meets any other parameters/criteria as decided by the Board / Audit Committee.

**"Material Related Party Transactions"** means a transaction with the related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds Ten Percent (10%) of the annual revenues or total assets or total liabilities and/or Twenty Percent (20%) of the consolidated revenue / net worth** of the Listed Holding Company as per the last audited financial statements of the Company, whichever is higher.

**"Related Parties"** shall have the same meaning as assigned to it in the Companies Act, 2013 and Clause 49 of the Listing Agreement, as amended from time to time.

**"Related Party Transaction"** means any transaction directly or indirectly involving any related party which is transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged.

**"Relative"** means relative defined **Under Section 2(77) Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014** and includes anyone who is related to another if :

- (i) They are members of a Hindu Undivided Family (HUF) ;
- (ii) They are husband and wife ; or
- (iii) One person is related to another in the following manner, namely :
  - They are husband and wife; or
  - Father (including step-father)
  - Mother (including step-mother)
  - Son (including step-son)
  - Son's Wife
  - Daughter
  - Daughter's Husband
  - Brother (including step-brother)
  - Sister (including step-sister)

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and the Companies Act, 2013.

**"Associate Company"** means any company in which the Company controls **at least Twenty Percent (20%) of total share capital** or of business decisions under an agreement, but which is not a subsidiary of the Company but includes a Joint Venture 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 includes :

- the Chief Executive Officer (CEO) or the Managing Director or the Manager and in their absence the Whole Time Director ;
- the Company Secretary ;
- the Chief Financial Officer (CFO); and
- any other person appointed as the KMP by the Board of Directors of the Company.

#### **4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS :**

All related Party Transactions shall be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

##### **4.1 Procedures for review and approval of Related Party Transactions :**

- (a) All Related Party Transactions or changes therein must be reported by the Chief Financial Officer (CFO) for prior approval to the Audit Committee in accordance with this Policy.
- (b) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board or if the Board in any case elects to review any such matter , the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval
- (c) If the Board is of the view that the Related Party Transaction needs to be approved at a General Meeting of the Shareholders by way of a special resolution pursuant to Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.

- (d) If prior approval of the Audit Committee/ Board /General Meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board /General Meeting, if required , within Three (3) months of entering in the Related Party Transaction.
- (e) In any case where either the Audit Committee/ Board determines not to ratify a related party transaction that has been commenced without approval, the Committee or Board as appropriate, may direct additional actions including, but not limited to immediate discontinuation 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 Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.
- (f) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on term no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (g) No Director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director/ Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- (h) If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.
- (i) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- (j) The omnibus approval shall specify :
  1. the names of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  2. the indicative case price/ current contracted price and the formula for variation in the price if any and
  3. such other conditions as the Audit Committee may deem fit.
- (k) The Audit Committee, shall review atleast on a quarterly basis, the details of Relative Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- (l) The omnibus approval shall be valid for a period not exceeding One (1) year and shall require fresh approval after the expiry of One (1) year.
- (m) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

The Audit Committee/ Board will review all relevant information available to it avout the Related Party Transaction. The Audit Committee/ Board, as applicable, may approve/ ratify/recommend to the shareholders, the Related Party Transaction only if the Audit Committee/ Board, as applicable, determines in good faith that, under all of the Circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

#### **4.2 Determination of Ordinary Course of Business :**

In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases,

transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determination what is in the ordinary course of business.

#### **4.3. Determination of Arms' Length Nature of the Related Party Transactions :**

(a) *Price Determination :*

At the time of determination the arm's length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following :

(i) Permissible methods of arms's length pricing as per applicable law.

(b) *Underwriting & Screening of Arm's Length Related Party Transaction :*

(i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening/ selection criteria/ underwriting standards and procedures as may be applicable in case of an unaffiliated party.

(ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

(c) *Related Party Transaction Limits :*

(i) The Related Party Transaction must be within the lower of the following transaction limits with respect to any Related Party :

- Limits on Material Related Party Transactions ; &
- Expected transaction volumes based on part transactions with Related Parties using linear rate of growth as evidence by past data.

If the Audit Committee is of the opinion that the Related Party Transaction meets the aforesaid criteria of ordinary course of business and the arm's length nature, the Related Party Transaction will not be treated as a Related Party Transaction for the purpose of this Policy.

#### **4.4. Identification of Potential Related Party Transactions :**

(i) Every Director/ Key Managerial Personnel of the Company will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Chief Financial Officer (CFO) on an annual basis :

- a. Name of his/her relatives ;
- b. Partnership firms in which he/she or his/her Relative is a partner;
- c. Private Companies in which he/she is a member or Director
- d. Public Companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- e. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions &
- f. Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice directions or instructions obtained from a person in professional capacity)

(ii) Every Director/ Key Managerial Personnel is responsible for providing written notice to the Chief Financial Officer (CFO) of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Chief Financial Officer (CFO) may reasonably request. The Chief Financial Officer (CFO)

in consultation with the members of the Audit Committee, as appropriate, would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The suggested details and list of records and supporting documents which are required to be provided alongwith the Notice of the proposed transaction are provided in Annexure -2 to this Policy.

- (iii) Every Director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board/ Audit Committee in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (iv) Where any Director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- (v) A contract or arrangement entered into by the Company without disclosure or with participation by the Director/ Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the Option of the Board of Directors/ Audit Committee of the Company.
- (vi) Notice of any potential Related Party Transaction shall be given to the Chief Financial Officer (CFO) of the Company well in advance, so that the CFO has adequate time to obtain and review the informations about the proposed transactions an other matter incidental thereto and to refer to the appropriate authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

#### **4.5. Disclosures :**

- (i) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (ii) Details of all Material Related Party Transactions shall be disclosed quarterly alongwith Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- (iii) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

#### **5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY :**

In the event the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its consummation that matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including but not limited to, discontinuation of the transaction or seeking the approval of the Shareholders, payment of compensation for the loss suffered by the Related Party etc. In connection with any review / approval of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

**6. SCOPE LIMITATION :**

In the event of any conflict between the provisions of this Policy and of the Listing Agreement/ Companies Act 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement/Companies Act 2013 or statutory enactments, rules shall prevail over this Policy.

**7. DISSEMINATION OF POLICY :**

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website and annual report of the Company.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

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## ANNEXURE – 1

### NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,  
**The Chief Financial Officer**  
**Bajaj Steel Industries Limited**  
Imambada Road,  
Nagpur – 440018

**Dear Sir,**

I, \_\_\_\_\_ son/daughter/spouse of \_\_\_\_\_ resident of \_\_\_\_\_ holding \_\_\_\_\_ Equity Shares of Rs 10/- (\_\_\_\_ percent of the Paid-up Capital) in the Company in my name, hereby give notice that I am interested directly/indirectly through my relatives(schedule) in the following Company or Companies, body corporate, firms or other association of individuals :

Sr.No	Name of the Companies/ Bodies/Corporate/Firms/ Association of Individuals	Nature of Interest or concern/ change in interest or concern	Shareholding	Date on which interest or concern arose/changed

The following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice , directions or instructions :

Sr.No	Name of the Body Corporate

I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity)

Sr.No	Name of the Body Corporate	Relation

**Place :**  
**Date :**

**Signature :**  
**Name :**  
**Designation :**

# **SCHEDULE**

## **LIST OF RELATIVES**

<b>No.</b>	<b>Relationship</b>	<b>Full Name</b>	<b>Address</b>	<b>Shareholding in BSI</b>
1	Spouse			
2	Father (including Step Father)			
3	Son (including Step Son)			
4	Daughter			
5	Daughter's Husband			
6	Brother (including Step Brother)			
7	Sister (including Step Sister)			
8	Mother (including Step Mother)			
9	Son's Wife			
10	Members of HUF			



## ANNEXURE 2

### **Information to be Provided to the Audit Committee/ Board in relation to the proposed related party transactions (To the extent relevant to the Transaction)**

1. Name of the Related Party and nature of relationship ;
2. Nature & duration of the contract/ transaction and particulars thereof ;
3. Materials terms of the contract or arrangement or transaction including the value, if any
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price/ value and/ or material term of the contract or arrangement including a justification to the proposed variations ;
5. Any advance paid/ received or to be paid/ received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract ;
7. Copy of Draft MOU, agreement, contract, purchase order or correspondence etc, if any
8. Applicable statutory provisions, if any
9. Valuation reports in case of sale or purchase or leasing/ renting of capital assets or securities
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons/ authority approving the transaction; &
13. Any other information relevant or important for the Committee/ Board to take a decision on the proposed transaction.