



**STEEL CITY**  
Securities Limited  
ISO 9001:2008 CERTIFIED COMPANY

*Related Party Transaction Policy*

### **1. 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 the Companies Act, 2013 (“Act”) read with the Rules framed there under and in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), Steel City Securities Limited (“SCSL or the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In the light of the above, SCSL has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Audit Committee would review and amend the Policy, as and when required, subject to adoption by the Board.

### **2. Objective of the Policy:**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

### **3. Definitions:**

- (a) “**Act**” shall mean the Companies Act, 2013 and includes any amendment thereof.
- (b) “**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.
- (c) “**Audit Committee or Committee**” means the Committee of the Board constituted from time to time under the provisions of Section 177 of the Companies Act, 2013.
- (d) “**Board**” means the Board of Directors as defined under the Companies Act, 2013.
- (e) “**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013.
- (f) “**Material Related Party Transaction**” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.
- (g) “**Related Party**” as defined under Section 76 of the Companies Act, 2013 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 is a member or director;
  - (v) a public company in which a director or manager is a director or 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) any company which is— (A) a holding, subsidiary or an associate company of such company; or (B) a subsidiary of a holding company to which it is also a subsidiary;
  - (ix) such other person as may be prescribed.
- (h) **“Related Party Transaction”** means a transfer of resources, services or obligations between the Company and a related party, 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. Such Transactions shall include contracts relating to :
- 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 the 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;
  - g) Underwriting the subscription of any securities or derivatives thereof, of the Company;
  - h) Financing (including loans and equity contributions in cash or kind);
  - i) Providing or obtaining guarantees and collaterals; and
  - j) Deputation of Employees.
- (i) **“Relative”** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner: -
- a) Members of Hindu Undivided Family;
  - b) Husband or Wife;
  - c) Father (including Step- Father);
  - d) Mother (including Step – Mother);
  - e) Son (including Step – Son);
  - f) Son’s Wife;
  - g) Daughter (including Step- Daughter);
  - h) Daughter’s Husband;
  - i) Brother (including Step – Brother); or
  - j) Sister (including Step – Sister).
- (j) **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

#### **4. Dealing with Related Party Transactions:**

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre -approval / omnibus approval, details whereof are given in a separate section of this Policy.

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.

#### **5. Identification of Related Party Transactions:**

SCSL has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 23 of the Listing Regulations. SCSL has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external domain expert professional opinion, if necessary.

#### **6. Review and Approval of Related Party Transaction:**

All related party transactions shall require prior approval of the Audit Committee. The Audit Committee shall after obtaining approval of the Board of Directors, specify the criteria for making omnibus approval. The Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

(a) The omnibus approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;

(c) the omnibus approval shall specify: (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 (provided that 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 rupees one Crore per transaction);

(d) The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

(e) Such omnibus approvals shall be valid for a period not exceeding one(1) year and shall require fresh approvals after the expiry of one year.

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.

#### **7. Consideration by the Committee in approving the proposed Transactions:**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d) Whether the Related Party Transaction would affect the independence or present any conflict of interest of any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

#### **8. Approval by Circular Resolution of the Committee:**

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

#### **9. Approval by the Board:**

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and

approve the Related Party Transaction at a meeting and 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.

**10. Related Party Transactions that shall not require Approval**

Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval shall not require separate approval under this policy.

**11. Approval of Material Related Party Transactions:**

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

**12. Transactions not in the Ordinary Course of Business or not at Arm's Length:**

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

**13. Related Party Transactions not previously approved:**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances. 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 recuse 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.

**14. Disclosure and Reporting of Related Party Transactions:**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

**15. Scope Limitation:**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations/ 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.

**16. 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 intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.