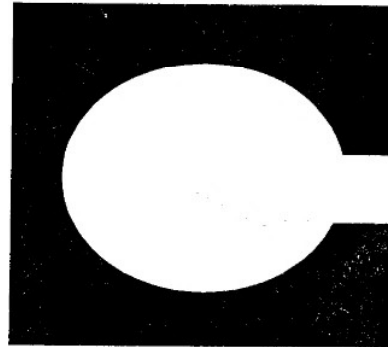


**POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS AND DEALING WITH RELATED
PARTY TRANSACTIONS**

[Adopted by the Board on 15.06.2021]



GOEL

Shri Bajrang Power And Ispat Limited

Regd. Off: Village Borjhara, Guna Road, Urla Growth Center

Raipur-493221 (Chhattisgarh)

CIN: U27106CT2002PLC015184

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

1. Purpose:

The Board of Directors (the “**Board**”) of Shri Bajrang Power and Ispat Limited the “**Company**”), based on recommendations of the Audit Committee, has adopted the Policy on materiality of Related party Transactions and dealing with Related Party Transactions (the “**Policy**”) in terms of the requirements of Companies Act, 2013 (the “**Act**”) read with the Rules framed thereunder and Regulation 23 of Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 as amended (the “**SEBI Listing Regulations**”).

2. Objective of the Policy

The Board of the Company, after considering the recommendation of the Audit Committee, has adopted the Policy and associated procedures with regard to the review, approval and reporting of Related Party Transactions. The Audit Committee may review and amend this Policy, from time to time, subject to approval of the Board. In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment (s), clarification (s), circular (s) etc.

The objective of this Policy is to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties in accordance with the Applicable Law.

3. Definitions:

Accounting Standards means accounting standards notified under Section 133 of the Act.

Audit Committee means Audit Committee of the Board constituted which as on date complies with the provisions of Section 177 of the Act read with applicable Rules and Regulation 18 of SEBI Listing Regulations..

Group includes all the entities which are included in the consolidated financial statements of the Company.

Key Managerial Personnel (‘KMP’) means a person who is a KMP, as defined in sub-section (51) of Section 2 of the Act or KMP within the meaning of the Accounting Standard 18 – Related Party Disclosures (‘AS 18’).

Ordinary Course of Business means all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the Ordinary Course Business.

Policy means this Policy on materiality of Related Party Transactions and dealing with Related Party Transactions, as amended from time to time.

Related Party or Related Parties with reference to a Company means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, and regulation 2(1)(zb) of the SEBI Listing Regulations.

Related Party Transaction means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly with respect to the items specified in Section 188(1)(a) to (g) of the Act or Rules prescribed thereunder and 2 (1) (zc) of the SEBI Listing Regulation.



including any amendment or modification thereof, as may be applicable, and which involves 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 single transaction or a group of transactions in a contract.

Words and expressions used and not defined in this Policy, but defined in the Act or any Rules framed thereunder or SEBI Listing Regulations or the Accounting Standards shall have the meanings assigned to them in these regulations.

4. Materiality thresholds:

Regulation 23 of SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a Special Resolution. The Company has fixed its materiality threshold 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company.

5. Manner of dealing with Related Party Transactions:

i) Identification of Related Parties:

Based on declarations / disclosures received from the Directors / KMP, from time to time, the list of Related Parties shall be identified.

ii) Identification of Related Party Transactions:

In the event that a proposed transaction is to be entered into with any of the parties identified as a Related Party in the list of the Related Parties, the proposed transaction shall be considered as a Related Party Transaction.

iii) Arm's length evaluation:

The Act or rules framed thereunder, require that the transactions between Related Parties be conducted at Arm's length. However, Arm's length transaction has been defined under Explanation (b) of Section 188 of the Act as the transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

In the absence of any guidance, Transfer pricing guidelines under the Income Tax Act, 1961, may be used for determining the appropriate method for determining arm's length price.

There may be certain transactions which do not need an arm's length evaluation or documentation under the Income-tax Act 1961. In such cases also, it is considered appropriate if the principles of Transfer pricing guidelines under the Income Tax Act, 1961 are used.

In situations, where it is not appropriate to determine the arm's length price through the methods prescribed by the Income-tax Act, 1961, reliance can be placed on expert valuation obtained from an external agency.

iv) Procedure for approval of Related Party Transactions:

a) Approval of the Audit Committee:

All Related Party Transactions would require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:



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.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

The 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.

However, in case of Related Party Transactions, which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 Crore per transaction.

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 approval given. Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will also undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require further approval of the Board, or if the Board in any case considers to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its review/approval as the case may be.

Any Director / KMP having potential interest in any Related Party Transaction shall not participate in discussions and voting on the approval of the Related Party Transaction.

The approval of the Audit Committee can be granted by way of circular resolution subject to the provisions of the Act. Any such approval must be ratified by the Audit Committee / Board at its next meeting.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review one or more or all of the following documents / seek one or more or all of the following information, as the case may be, from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not: Nature of the transaction, i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;

Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;

Key covenants (non-commercial) as per the draft of the proposed agreement / contract to be entered into for such transaction; Special terms covered / to be covered in separate letters or undertakings or any other special or sub-arrangement forming part of a composite transaction; Benchmarking information that may have a bearing on the arm's length basis analysis, such as: - market analysis, research report, industry trends, business strategies, financial forecasts, etc.; - third party comparables, valuation reports, price public



including stock exchange and commodity market quotations; management assessment of pricing terms and business justification for the proposed transaction; - comparative analysis, if any, of other such transaction entered into by the Company.

The above list is only indicative in nature and depending upon the facts of the case, one or more or all or some other information may be called for / reviewed to determine if the transaction is in the ordinary course of business and at arm's length.

Further, the Audit Committee / Board may seek external professional opinion, if required.

b) Approval of the Board of Directors:

In terms of the provisions of Section 188 of the Act, all kinds of transactions specified therein and which are not in the ordinary course of business and at arm's length basis, shall be placed before the Board for its approval. Further, if the Audit Committee determines that a particular Related Party Transaction should be brought before the Board, then the Board shall consider and approve the same.

The agenda of the Board Meeting at which approval for Related Party Transactions is sought shall disclose the necessary details as required under the Act and the Equity Listing Agreement. Any Director / KMP having potential interest in any Related Party Transaction shall not participate in discussions and voting.

c) Approval of the Shareholders of the Company:

Transactions with Related Party, which are in the ordinary course of business and at arm's length basis, do not require shareholders' approval in terms of Section 188 of the Act, however in absence of similar exemption in SEBI Listing Regulations all kinds of transactions specified under Section 188 of the Act though in the ordinary course of business and at arm's length basis and exceeding the thresholds laid down under the Act and SEBI Listing Regulations, as amended from time to time, shall be placed before the shareholders for their approval by way of a Special Resolution.

All kinds of transactions specified under Section 188 of the Act, which (a) are not in the ordinary course of business and / or at arm's length basis; or (b) exceed the thresholds laid down under the Act and SEBI Listing Regulations, as amended from time to time, shall be placed before the shareholders for their approval by way of a Special Resolution.

SEBI Listing Regulations provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company. However in absence of similar exemption under the Act such transactions between the Company and its subsidiaries too would be placed before the shareholders of the Company for their approval provided they meet the materiality thresholds in terms of the Policy read with the Act and the SEBI Listing Regulations, as amended.

None of the Related Parties shall be entitled to vote on a resolution relating to material Related Party Transaction in the shareholders' meeting.

6. Related Party Transactions that shall not require Approval:

The following transactions shall not require separate approval under this Policy:

- a) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the Act, in connection with his or her duties to



- the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business;
- b) Indemnification and advancement of expenses made pursuant to any agreement or by-laws of the Company;
 - c) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;
 - d) Any transaction which is in the Ordinary Course of Business and on an Arm's Length Basis as determined in terms of this Policy;
 - e) Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
 - f) Payment of Dividend;
 - g) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act or the SEBI Listing Regulations;
 - h) Any other exception which is consistent with the Applicable Law, including any Rules or Regulations made thereunder, and must be approved in advance by the Audit Committee.

Provided, any transaction/(s) 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, exceed 5 {five} percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company and shall require approval under clause 3.4 above.

7. **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 under this Policy, the 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 but not limiting to ratification, revision or termination of such Related Party Transaction.

8. **GUIDING PRINCIPLES FOR REVIEW OF RELATED PARTY TRANSACTIONS**

Overall

To review a Related Party Transaction, the Board or Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the purpose and potential benefits to the Company of the transaction and any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction, as may be considered material by the Audit Committee or Board or shareholders, as may be applicable in the light of circumstances of a particular transaction.

In determining whether approval needs to be accorded to a Related Party Transaction, the Board or Audit Committee will consider the following factors:

- a) Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b) Whether there are any compelling 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 would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall interest of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director, Key Managerial Personnel or other



interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board or Audit Committee deem fit to consider.

The Audit Committee or 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. Further, the Audit Committee or Board reserves the authority to modify or waive any procedural requirements of this Policy.

Guidelines on Determination of Arm's length nature of the Related Party Transactions

As a matter of prudence, the following guidelines are issued:

1. Any single transaction with Related Party in excess of Rs.5 crores be principally informed to the Audit Committee members indicating the salient features of the transaction and how the transaction is at "Arm's Length".

At the time of determining the Arm's Length Basis of price charged for the Related Party Transaction, the Audit Committee shall *inter- alia* take into consideration the following:

- a) Permissible methods of Arm's Length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- b) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

The Company relies on professionals and experts in the field of Company Law, Accounting and Taxation to review, certify and report on transactions, including those with Related Parties.

2. The management of the Company should ensure periodically that all transactions with Related Parties – be they on a single source basis or otherwise – are on an "Arm's Length" basis.

9. Disclosure Requirements:

- (i) Every Related Party Transaction prescribed in Section 188(1) of the Act shall be disclosed in the Board's report along with the justification for entering into such transaction.
- (ii) Details of all Related Party Transactions meeting the materiality threshold as given in the Policy shall be disclosed on a quarterly basis along with the compliance report on corporate governance to the stock exchanges.
- (iii) The Company shall disclose the Policy on its website and a web link shall be provided in the Annual Report.
- (iv) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

