

RELATED PARTY
TRANSACTIONS POLICY

VISA STEEL LIMITED

RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION

The Board of Directors (“Board”) of VISA Steel Limited (“Company” or “VSL” or “Listed Entity”) has approved and adopted the following policy and procedures with regard to Related Party Transactions (“RPT”) as defined below. This Policy has been amended in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 and has been approved by the Audit Committee and Board of Directors of VISA Steel Limited on 14th February, 2022.

This policy is formulated to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations and also includes policy for determining material subsidiary and policy on materiality of related party transactions.

The Audit Committee will review and may amend this policy from time to time as and when required. This policy shall be reviewed by the Board of Directors atleast once every three years and updated accordingly.

2. OBJECTIVE

This policy on dealing with related party transactions (including clear threshold limits duly approved by the board of directors) has been framed as per requirement of Regulation 23(1) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (hereinafter referred to as the “SEBI LODR”) entered by the Company with the Stock Exchanges read with Section 188 of Companies Act, 2013 (the Act), intended to ensure proper approval and reporting of transactions between the Company and its Related Parties. Such Related Party Transactions (“RPT”) should be entered in the ordinary course of business and on an arm’s length basis. The Company’s Policy for determining Material Subsidiary and Policy on materiality of RPT is also a part of this policy to ensure compliance with the Listing Regulations.

3. DEFINITIONS

“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.

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

“Board” means Board of Directors of the Company or Listed Entity.

“Control” shall have the same meaning as assigned to it under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 read with Section 2(27) of the Companies Act, 2013.

“Company” shall mean VISA Steel Limited, the Listed Entity.

“Key Managerial Personnel” or “KMP” means a Key Managerial Personnel as defined under the subsection (51) of section 2 of the Companies Act, 2013.

“Material Modification” will mean and include any non-statutory modification to an existing related party transaction exceeding 20% of the existing value as approved by the Audit Committee / Board / Shareholders, as the case may be.

“Material Related Party Transaction” With effect from 1.4.2022, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

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, exceed 5{five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Ordinary Course of business” shall include the usual transactions, that are typically undertaken as part of the customary business practices of a Company, or by its long-standing conduct and includes all such activities which the Company can undertake as per the charter documents of the Company.

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards or regulation 2(zb) of the SEBI LODR as amended from time to time.

“Related Party transactions” or “RPT” shall mean such transactions as specified under Section 188(1) of the Companies Act or Rules made thereunder and Regulation 2(1)(zc) of the **SEBI LODR** as amended from time to time.

“Relative” means relative as defined under Section 2(77) of the Companies Act, 2013 and Rules prescribed thereunder.

“SEBI LODR” or “Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” means a subsidiary as defined under sub-section(87) of section 2 of the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI LODR or any other applicable law(s) or regulation(s).

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of Related Parties

The Company shall identify Related Parties as per the definition provided in the applicable laws, including the Act and the SEBI LODR, as amended from time to time. The Company shall regularly verify and update the Related Party List in accordance with the applicable laws as prevalent.

b) Identification of Related Party Transactions

As a policy, the Company will identify the transactions falling under contracts and arrangements, as per the applicable laws, entered into with related parties for the necessary approval of the Audit Committee, Board of Directors and shareholders, as may be applicable.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

5.1 Approval of the Audit Committee

All Related Party Transactions and subsequent material modification(s) therein shall require prior approval of the Audit Committee.

Only those members of the audit committee, who are independent directors, who are not interested party in RPT, shall approve Related Party Transactions.

The Company shall provide the following information, for review of the audit committee for approval of a proposed Related Party Transaction(s):

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the listed entity’s annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the

- proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments;
 - nature of indebtedness
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - g) Justification as to why the RPT is in the interest of the listed entity;
 - h) A copy of the valuation or other external party report, if any such report has been relied upon;
 - i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - j) Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

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 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;
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 Rs.1 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 listed entity pursuant to each of the omnibus approvals given. The audit committee shall also review the status

- of long-term (more than one year) or recurring RPTs on an annual basis.
- E. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
 - F. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

The audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

Prior approval of the Audit Committee shall also be required for the following Related Party Transactions:

- i. a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;
- ii. with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

5.2 Approval of the Board

Related Party Transactions shall be approved by the Board of Directors of the Company in terms of section 188 of the Companies Act 2013.

All Material Related Party Transactions and subsequent material modifications as defined in this policy shall be approved by the Board of Directors of the Company.

5.3 Approval by the Shareholders

All material related party transactions and subsequent material modifications shall require prior approval of Shareholders and no related party shall vote to approve such resolutions whether the entity is a related party to particular transaction or not.

Information to be provided to shareholders for consideration of RPTs:

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a) A summary of the information provided by the management of the

- listed entity to the audit committee;
- b) Justification for why the proposed transaction is in the interest of the listed entity;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 5.1(f) above;
- d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f) Any other information that may be relevant.

The following related party transactions shall not require prior approval of the Audit Committee / Board / Shareholders of the Company:

- i. A transaction, between the Holding Company and its Wholly-owned Subsidiary whose accounts are consolidated with the Holding Company and placed before the shareholders at the general meeting for approval.
- ii. Transactions entered into between two wholly-owned subsidiaries of the listed holding Company, whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.
- iii. A related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing regulations are applicable to such listed subsidiary.

6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of

a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

7. REPORTING AND DISCLOSURES

- a) The Company will disclose this policy on its website and also provide the weblink in its Annual Report.
- b) The Company shall make RPT disclosures to the Stock Exchange(s) as per the applicable laws.

8. SCOPE AND LIMITATION

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

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARY

1. OBJECTIVE

This Policy for determining 'material' subsidiary has been formulated in terms of Regulation 16(1)(c) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. IDENTIFICATION OF 'MATERIAL' SUBSIDIARY

A subsidiary shall be considered as material if:

- a. the networth of the subsidiary exceeds 10 per cent of its consolidated net worth of the listed entity and its subsidiaries in the immediately preceding accounting year, or
- b. the income of the subsidiary exceeds 10 per cent of the consolidated income of the listed entity and its subsidiaries in the immediately preceding accounting year.

3. GOVERNANCE FRAMEWORK FOR 'MATERIAL' SUBSIDIARY

- a) At least one independent director on the board of directors of the Listed Entity shall be a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. For the purposes of appointment of the above independent director, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- b) The Company shall not dispose off shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under

section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- c) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- d) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity.

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. OBJECTIVE

This policy on materiality of related party transactions (including clear threshold limits duly approved by the Board of Directors) has been formulated as per requirement of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

2. MATERIALITY OF RELATED PARTY TRANSACTIONS

A transaction with a related party shall be considered material, if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One Thousand Crore or ten percent of the total annual consolidated turnover of the listed entity as per the last audited financial statement of the listed entity, 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

3. APPLICABILITY

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through 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 the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.