



## **SHYAM METALICS AND ENERGY LIMITED**

### **POLICY FOR TRANSACTIONS WITH RELATED PARTIES**

**Trinity Towers, 7th Floor, 83 Topsia Road, Kolkata - 700 046  
T: +91 33 4016 4080, F: +91 33 4016 4025**

## POLICY FOR TRANSACTIONS WITH RELATED PARTIES

### 1. OBJECTIVE

The Board of Directors (the “Board”) of Shyam Metalics and Energy limited (the “Company” or “SMEL”), has adopted this Policy on Related Party Transactions as required in terms of Regulation 23 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 as applicable, and amended from time to time (the “SEBI Listing Regulations”).

This Policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

The Policy on Related Party Transactions may be amended at any time and is subject to any further change in the Listing Agreement or the Companies Act, 2013 (the Act) or rules/regulations made thereunder, or the SEBI Listing Regulations.

### 2. EFFECTIVE DATE

The Effective Date of this Policy is 15<sup>th</sup>, May 2018.

### 3. DEFINITIONS

- a) **“Arms 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.
- b) **Audit Committee (Committee)** means Committee of Board of Directors of the Company constituted under provisions of the Listing agreement as well as the Companies Act, 2013;
- c) **“Board”** means Board of Directors of the Company;
- d) **“Company”** means Shyam Metalics and Energy Limited;
- e) **“Conflict of Interest”** means any situation in which an individual or Company is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. A potential conflict of interest exists if the Company intends to enter into a transaction with a related party. A conflict of interest also occurs when an individual or organization is involved in multiple interests, one of which could possibly create un-favorable influence for an act in the other.
- f) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- g) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013;
- h) **“Material Related Party Transaction under Companies Act 2013”** means a transaction as defined under section 188(1) of the Companies Act, 2013 with a related party defined under section 2(76) of the said Act where the aggregate value of the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the said Act from time to time.

- i) **“Material Related Party Transaction under Listing Agreement”** means a transaction covered under Regulation 23 of SEBI Listing Regulations with a related party as defined hereunder and value of such transaction / transactions 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 last audited financial statements of the company. Further, transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.
- j) **“Policy”** means this Policy on Related Party Transactions.
- k) **“Related Party”** means a related party under Section 2(76) of the Companies Act, 2013, or a related party under the applicable accountable standards.
- l) **“Related Party Transaction”** means (a) any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. (b) any transaction as envisaged under section 188 of the Companies Act, 2013.
- m) **“Relative”** means relative as defined under section 2(76) of the Companies Act, 2013.

#### 4. POLICY

All Related Party Transactions must be identified and reported to the Audit Committee, and also to Directors and shareholders, wherever necessary, for their prior approval, in accordance with the Companies Act, 2013 and the SEBI Listing Regulations. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the listing agreement.

The Related party transactions should be in conformity with the prevailing rules and regulations prescribed by law.

#### 5. OMNIBUS APPROVALS RELATED TO THE RELATED PARTY TRANSACTIONS

The 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 Committee, upon obtaining approval from the Board shall lay down the criteria for granting the omnibus approval which shall include the following:
  - 1) maximum value of the transactions, in aggregate, which can be allowed under the omnibus approval route in a year;
  - 2) the maximum value per transaction which can be allowed;
  - 3) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - 4) review, at such intervals as the Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made; and

- 5) transactions which cannot be subject to the omnibus approval by the Committee.
- B. The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company and shall consider the following factors while specifying the criteria for making omnibus approval:
- 1) repetitiveness of the transactions (in past or in future); and
  - 2) justification for the need of omnibus approval.
- C. Such omnibus approval shall specify
- 1) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
  - 2) the indicative base price / current contracted price and the formula for variation in the price if any, and
  - 3) such other conditions as the Committee may deem fit;

Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.0 crore per transaction.

- D. The 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.
- E. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- F. Such omnibus approvals shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year.

## **6. POLICY ON DETERMINATION OF MATERIALITY OF RELATED PARTY TRANSACTIONS**

- a) All transactions which are not in the ordinary course of business or not at arm's length pricing or both will be put up for prior approval of the Board. In case the Company has a paid-up share capital exceeding the amount as may be prescribed or the value of the specified transaction exceeds the prescribed thresholds under the Act, it will also be put up for prior approval of the shareholders..
- b) All material Related Party Transactions (within the meaning of the SEBI Listing Regulations) shall require approval of the shareholders and all Related Parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

Exclusion: Transactions entered into between a Company and its wholly owned subsidiary in India and overseas, shall outside the scope of the provisions of Clause 9 as per Regulation 23 (5) (b) of the SEBI Listing Regulations shall not be deemed as a Related Party Transactions.

## **7. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

Each director and Key Managerial Personnel is responsible for providing notice of disclosure of interest under section 184 of the Companies Act, 2013 alongwith list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP or any other related party without necessary approvals.

As a policy, the Company will identify transactions falling under contracts and arrangements, as per the applicable laws, entered into with Related Parties for the consent of the Committee, Board and shareholders, as applicable.

- A. The Audit Committee shall consider the following factors while deliberating the related party transactions for its approval:
  - (i) Name of party and details explaining nature of relationship;
  - (ii) Duration of the contract and particulars of the contract and arrangement;
  - (iii) Nature of transaction and material terms thereof including the value, if any;
  - (iv) Manner of determining the pricing to ascertain whether the same is on arm's length;
  - (v) Business rationale for entering into such transaction; and
  - (vi) Any other information relevant or important for the Board to take a decision on the proposed transaction.
  
- B. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
  - i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
  - ii. Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
  - iii. Whether the Related Party Transaction would affect the independence of an independent Director;
  - iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
  - v. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
  - vi. 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 financial position of the Director,

Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deems relevant.

## **8. PROCEDURE TO BE ADOPTED FOR RELATED PARTY TRANSACTIONS**

### **A. APPROVAL OF AUDIT COMMITTEE**

All Related Party Transactions shall require prior approval of the Audit Committee.

### **B. APPROVAL OF BOARD OF DIRECTORS**

All the Related Party Transactions under section 188 of the Companies Act, 2013 shall be approved by the Board of Directors of the Company, however this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an Arm's Length Basis.

All the Material Related Party Transactions as per Listing Agreement shall be approved by the Board of Directors of the Company.

### **C. APPROVAL OF SHAREHOLDERS**

All the material related party transactions under Listing Agreement shall be approved by the Shareholders through a special resolution and all entities falling under the definition of "related parties" shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not. Further, any transactions not covered above but covered under the "material related party Transactions defined under section 188 of the Companies Act, 2013 shall be approved by the Shareholders through a special resolution and the concerned related party(ies) which are related to that transaction shall not vote on such resolution.

## **9. FACTORS TO BE CONSIDERED WHILE GRANTING APPROVAL TO RELATED PARTY TRANSACTIONS**

- The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:
- Whether the terms of the Related Party Transaction are fair and on Arms Length Basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

- 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;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the transaction qualifies to be a transaction in ordinary course of business and at arms length;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- 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 terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

#### **10. REVIEW & MONITORING OF RELATED PARTY TRANSACTIONS**

The Audit Committee may review and monitor a Related Party Transaction taking into account 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. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

#### **11. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS**

- Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:
- Any transaction that involves the providing of compensation to a director or Key Managerial Personnel 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.
- 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.

## **12. CONFLICT OF INTEREST :**

- a. In the event of any conflict of interest in the dealings between the Company and its subsidiary on one hand and its related parties, the Director and the Promoters on the other hand and the Company shall always act so as to minimize the risk of any conflict of interest. In all situations unless otherwise permitted under applicable law, any such transaction shall be dealt on an arm length basis in accordance with applicable law.
- b. Director and Promoter have a legal obligation to act in the best interest of the Company and its subsidiaries and should make their best effort to avoid situation where there may be an actual or potential conflict of interest or situations where there might reasonably perceive a conflict of interest.

The personal interests of a Director or Promoter or person closely associated with the Director or Promoter should not take precedence over those of the Company, its Subsidiaries and their shareholders.

- c. Any Director having a conflict of interest will not vote or use his or her personal influence on such matter when it is discussed by the Board. The minute of the meeting will reflect that a disclosure was made, and concerned Director(s) abstained from voting.
- d. The Board has developed and adopted a corporate code of ethics that addresses issues relating to interalia, conflict of interest relating to Directors and Promoters.
- e. All transactions in which there are conflicts of interest with Directors and Promoter shall be agreed on an arm's length basis in the Company's and Subsidiaries. Decision to enter into transactions in which there are conflicts of interest with Directors or Promoters require the unanimous approval of the Directors.

## **13. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

- a) 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 ratification by it or recommend the Board for their ratification or seeking approval of Shareholders, 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 cases where the Board and / or shareholders' approval is required, and a contract or arrangement is entered into by a director or any other employee, without obtaining such consent of the Board or approval



by a special resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

- b) In any case, where the Committee determines not to ratify a Related Party Transaction that has 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.
- c) Any director or other employee of the Company who has entered into or authorized any arrangement, transaction or contract in violation of this Policy, the Act, the SEBI Listing Regulations or any other applicable law or regulation, may be subject to such disciplinary proceedings as the Board may decide and penal consequences as prescribed under applicable law

#### **14. EXISTING RELATED PARTY TRANSACTIONS**

This policy shall operate prospectively and all the agreements which have been entered before the effective date of this policy and are in accordance with the then prevailing laws shall be valid and effective. However, any agreement for material transactions which has been already approved and continued to be operational beyond March 2015, procedure under clause 4.2 is to be followed.

This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company and the definition / provisions of the policy herein shall be deemed to have been amended to the extent of any alterations in laws/ statutes by virtue of an amendment.

#### **15. DISCLOSURE AND REPORTING**

- The details of Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board meeting minutes. The 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, if any.
- The Company shall disclose to the stock exchange along with the compliance report on corporate governance on a quarterly basis details of all material transactions with Related Parties.

- The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website
- Director's report shall contain details of Related Party Transactions as required under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations.
- This Policy shall be made available on the website of the Company, [www.shyammetalics.com](http://www.shyammetalics.com) and a web link thereto shall be provided in the Company's annual report.

## **16.AMENDMENTS**

The Board in consultation with Committee will review this Policy from time to time based on the Related Party Transactions and make suitable modifications, as may be necessary.

Date: 15<sup>th</sup> May 2018

Amended as on 23/02/2021.