



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

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that all listed companies shall formulate a policy on materiality of related party transactions and also on dealing with related party transactions. Further Section 177 and 188 of the Companies Act, 2013 read with relevant rules also provides for certain compliance requirements such as Audit Committee approval, Board approval and Shareholder's approval.

Keeping in view the above mentioned compliance requirements stated in Companies Act, 2013 read with related rules issued thereon and SEBI (LODR) Regulations, the Board of Directors (the "Board") of Shyam Metals and Energy Limited (the "Company" or "SMEL"), acting upon the recommendations of the Audit Committee of the Company, has approved and adopted the policy and procedure with regard to Related Parties and Related Party Transactions of the Company.

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

This policy is formulated primarily from the purview of Companies Act, 2013, Rules framed thereunder, SEBI (LODR) and also drawing relevant provisions from Ind Accounting Standards (Ind AS). The Policy on Related Party Transactions may be amended, pursuant to the recommendation of the Audit Committee and subject to the approval of the Board 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 15th, May 2018.

3. DEFINITIONS

- a) **"Arms length transaction"** as per the Explanation (b) to Section 188 (1) of the Companies Act, 2013 means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b) **"Associate Company"** means associate company as defined in Section 2(6) of the Companies Act, 2013. Accordingly, "associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation— for the purposes of this clause, "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

- c) **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;
- d) **“Board”** means Board of Directors of the Company;
- e) **“Company”** means Shyam Metalics and Energy Limited;
- f) **“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.
- g) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- h) **“Holding Company”** means holding company as defined in Section 2(46) of the Companies Act, 2013. Accordingly, “holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies;
- i) **“Key Managerial Personnel”** or “KMP” shall have the meaning as defined under Section 2(51) of the Companies Act, 2013 and as amended from time to time;
- j) **“Material Related Party Transaction as per SEBI (LODR) Regulations”** means a transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- k) **“Office or Place of Profit”** as per the Explanation (a) to Section 188 (1) of the Companies Act, 2013 means any office or place—
- (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

- l) **“Policy”** means this Policy on Related Party Transactions, as amended from time-to-time.
- m) **“Related Party”** in relation to the company means a party related to the company in any of the ways as laid down in Section 2(76) of the Companies Act, 2013 or Regulation 2(1)(zb) of the SEBI (LODR), 2015 as amended from time to time and includes the following.
- (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 and 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 under whose advice, directions or instructions a director or manager is accustomed to act;
 - (viii) any company which is –
 - a holding, subsidiary or an associate company of such company;
 - a subsidiary of a holding company to which it is also a subsidiary; or
 - an investing company or the venturer of the company
 - (ix) Such other person as may be prescribed.

In addition to the above, an entity will be considered as a related party if it satisfies the conditions laid down as per Ind AS 24.

Provided that any person or entity forming a part of the promoter or promoter group of the listed entity or holding 20% or more [or 10% or more (w.e.f. 01/04/2023)] of shareholding in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

“Related Party Transaction” means as per SEBI (LODR) Regulations, transfer of resources, services or obligations between

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, (w.e.f April 1, 2023), 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.

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly

applicable/offered to all shareholders in proportion to their shareholding:

- (i) payment of dividend;
- (ii) subdivision or consolidation of securities;
- (iii) Issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.

- n) **“Relative”** means relative as defined in Section 2(77) of the Companies Act, 2013. Accordingly, “relative”, with reference to any person, means anyone who is related to another, if—
- (i) They are members of a Hindu undivided family;
 - (ii) They are husband and wife;
 - (iii) one person is related to the other in such manner as may be prescribed

As per Rule 4 of Companies (Specification of definitions details) Rules, 2014 includes a person who shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely: -

- (i) Father (including step-father)
- (ii) Mother (including step-mother)
- (iii) Son (including step-son)
- (iv) Son’s wife
- (v) Daughter
- (vi) Daughter’s husband
- (vii) Brother (including step-brother)
- (viii) Sister (including step-sister)

- o) **“Specified Related Party Transactions” (Specified RPT)**, in accordance with Section 188 (1) (a) to (g) of the Companies Act, 2013, means a contract or arrangement with a related party with respect to:
- (i) sale, purchase or supply of any goods or materials;
 - (ii) selling or otherwise disposing of, or buying, property of any kind;
 - (iii) leasing of property of any kind;
 - (iv) availing or rendering of any services;
 - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - (vii) Underwriting the subscription of any securities or derivatives thereof, of the company.

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 SEBI (LODR) Regulations, 2015.

5. 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.

6. 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.

7. PROCEDURE TO BE ADOPTED FOR RELATED PARTY TRANSACTIONS

A. APPROVAL OF AUDIT COMMITTEE

Prior approval of the Audit Committee shall be required for:

- 1. All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
- 2. RPTs where subsidiary is a party but the Company is not a party and the transaction amount exceeds subject to threshold of:
 - i. 10% of the consolidated turnover of the Company w.e.f. April 1, 2022
 - ii. 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Prior approval of the Audit Committee shall not be required for:

- i. Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- ii. Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. 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.
- iv. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

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. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
 - 1) Such omnibus approval shall specify the name/s of the Related Party and its relationship with the Company or its subsidiary, 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;
- 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 Co
- 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.
- G. Any other conditions as the Audit Committee may deem fit.

The Audit Committee will have the discretion to recommend / refer any matter

relating to the Related Party Transaction to the Board for the approval.

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.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

C. APPROVAL OF SHAREHOLDERS

All Material Related Party Transactions shall be approved by the Shareholders through an Ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- iii. Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- iv. 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.
- v. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

8. 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.

9. 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.

10. 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.

11. 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 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 they 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 the 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 Promoters shall be agreed on an arm's length basis in the Company's and Subsidiaries. Decisions to enter into transactions in which there are conflicts of interest with Directors or Promoters require the unanimous approval of the Directors.

12. 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 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

13. 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.

14. 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 provide disclosure of the Related Party Transactions in the format as specified by the SEBI from time to time, to the stock exchanges and upload on company's website, every six months.

- 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.
- The Company shall provide all the information as specified by the SEBI from time to time in the explanatory statement in the notice being sent to shareholders seeking approval of proposed RPTs.
- This Policy shall be made available on the website of the Company, www.shyammetalics.com and a web link thereto shall be provided in the Company's annual report.
- The Company shall provide disclosure on 'Loans and advances' in the nature of loans to firms/companies in which directors are interested by name and amount' in the Corporate Governance Report

15. AMENDMENTS

The Policy shall be reviewed by the Board atleast once in every 3 years or at any time as may deem fit by the Board whichever is earlier.

Date: 15th May 2018

Amended as on 15th March 2022