

RELATED PARTY TRANSACTIONS
POLICY AND POLICY FOR
DETERMINING 'MATERIAL'
SUBSIDIARIES

VISA STEEL LIMITED RELATED PARTY TRANSACTIONS POLICY

Effective from 1 October 2014

1. PREAMBLE

The Board of Directors (the “Board”) of VISA Steel Limited (the “Company” or “VSL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also provides for materiality of related party transactions.

2. PURPOSE

This policy is framed as per requirement of Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred to as the “Listing Regulations”) entered by the Company with the Stock Exchanges and 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”) are appropriate only if they are carried out in the ordinary course of business and are at arm’s length. The Company’s Policy for determination of Material Subsidiary is annexed as Schedule- I to this policy ensuring 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.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means a key managerial personnel as defined under the Companies Act, 2013 as under:

- a) Chief Executive Officer / Managing Director / Manager; or
- b) Company Secretary
- c) Whole-time Director;
- d) Chief Financial Officer;
- e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- f) such other officer as may be prescribed

“Material Related Party Transaction” means transaction with a related party if the transaction / transaction(s) 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 the last audited financial statements of the company

“Policy” means Related Party Transaction Policy.

“Related party” shall have meaning as assigned to it under Section 2(76) of the Act and in terms of Regulation 23 of Listing Regulations as amended from time to time.

“Related Party transactions” means any transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged, including but not limited to the following:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) related party's appointment of to any office or place of profit in the company

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract

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

“Significant transaction or arrangement” shall have meaning as defined under the provisions of Listing Regulations.

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

4. POLICY

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.

The Policy is intended to:

- a. Identify all transactions which fall within the ambit of related party transactions both as per the provisions of Listing Regulations, the Companies Act, 2013 and Rules made there under.
- b. To prepare a complete list of related party transactions in the prescribed format.
- c. To seek necessary approvals of the Audit Committee/Board/Shareholders as may be necessary, after providing necessary information in the prescribed manner.

While according such approval(s), the Related Party transactions are to be considered as appropriate if they are in the interest of the Company and other stakeholders.

- d. To make necessary disclosure in the Directors Report as well as on the website of the Company.

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him or her or his relative, including any additional information about the transaction that the Company Secretary may reasonably request. The Chief Financial Officer as per existent laws, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction. Any subsequent modification of transactions of the Company with related parties will also require approval of Audit Committee.

6. MATERIALITY OF RELATED PARTY TRANSACTION

Regulation 23(1) of the 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. VISA Steel Limited has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of - determining materiality in terms of the Listing Regulations.

7. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Approval of the Audit Committee

All Related Party Transactions must be reported to the Audit Committee, for its approval or ratification in accordance with provisions of the Companies Act and Rules made thereunder, Regulation 23(2) of the Listing Regulations and this Policy.

Contracts which are repetitive in nature and can qualify for Omnibus Approval under Companies Act, 2013 including Rules made there under and Listing Regulations.

Approval of the Board

Prior consent of the Board by way of a Resolution is required for all Related Party Transactions if not in ordinary course of business or at arm's length.

No director who is interested in any such contract or arrangement shall be present at the meeting during discussions on the subject matter of the resolution proposed for Board Approval.

Approval by the Shareholders

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 6 of the Policy, are placed before the shareholders for approval. For this purpose, 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.

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 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.

To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. 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:

- 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 proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- 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
- 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.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. 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.
- ii. 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.

8. 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.

Administrative Measures

Management shall institute appropriate administrative measures to provide that all Related Party Transactions are not in violation of, and are reviewed in accordance with, the applicable Policies and Procedures.

Disclosures

The Company will disclose this policy on its website and also in its Annual Report.

Policy for determining 'Material' subsidiaries

Purpose and Scope:

The Policy for determining 'material' subsidiary companies has been framed in In terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"), as amended and effective from October 1, 2014.

The Policy will be used to determine the Material Subsidiaries of VISA 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.

Identification of 'Material' subsidiary:

A subsidiary shall be considered as material if –

- a. the investment of the Company, in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b. if the subsidiary has generated 20 per cent of the consolidated income of the company during the previous financial year.

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- a. net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year; or
- b. income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

Governance framework:

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

- iii. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- iv. One Independent Director of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary Company.
- v. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

Disposal of Material Subsidiary:

The Company, without passing a special resolution in its General Meeting, shall not:-

- a. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- b. dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- c. sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

Policy Review

This policy shall be subject to review as may deemed necessary and in accordance with any regulatory *amendments*.

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 Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

Dissemination of Policy

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.