

NATIONAL STEEL AND AGRO INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

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1. Introduction

The Board of Directors of National Steel and Agro Industries Limited (“NSAIL / the Company”) has adopted the following Policy and procedure with regard to Related Party Transactions (“RPTs”). The policy envisages the procedure governing RPT’s required to be followed by Company to ensure compliance with the Law and Regulation.

2. Objectives

The objectives of the Policy are to comply with the provisions of Section 188 and other applicable provisions of the Companies Act 2013 and Rules made thereunder, and, Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 {hereinafter referred as “SEBI (LODR) Regulations 2015”}.

3. Definitions

‘Act’ means Companies Act, 2013 and Rules made thereunder and any amendment thereof.

“**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 Audit Committee of the Company as constituted or reconstituted by the Board pursuant to the provisions of Section 177 and other applicable provisions of the Companies Act 2013 and Rules made

thereunder, and, Regulation 18 and other applicable provisions of the SEBI (LODR) Regulations, 2015.

“Board” means Board of Directors of the Company.

“Company” means National Steel and Agro Industries Limited.

“Independent Director” means a Director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Act and the SEBI (LODR) Regulations, 2015.

“Key Managerial Personnel” means Key managerial personnel as defined under the Act and includes:

- (i) the Chief Executive Officer or the managing director or the manager
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;
- (v) Such other officer, not more than one level below the directors who is in whole time employment, designated as the key managerial personnel by the board; and
- (vi) such other officer as may be prescribed.

“Material Related Party Transaction” means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. In case of payment to a Related Party for brand usage or royalty the materiality threshold will be 2% (two percent) of the annual consolidated

turnover of the Company as per the last audited financial statements of the Company “.

“**Ordinary course of business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“**Policy**” means Policy on Related Party Transactions.

“**Related Party**” means related party as defined in the Act and / or SEBI (LODR) Regulations, 2015.

“**Related Party Transaction**” means transactions with related party as defined in the Act and / or SEBI (LODR) Regulations, 2015.

“**Relative**” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder

Note: Words not defined herein shall have the meaning as provided in the Companies Act 2013, SEBI (LODR) Regulations 2015 or any other applicable Act, Rules or Regulations.

MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve on such resolution irrespective of whether the entity is a related

party to the particular transaction or not (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

Provided that approval from shareholders will not be required for Material Related Party Transaction 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.

National Steel and Agro Industries Limited has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty - 2% of the annual consolidated turnover of the Company as per last its audited financial statements.
- Other transactions with a Related Party - 10% of the annual consolidated turnover of the Company as per its last audited financial statements

4. Manner of dealing with RPTs

(i) Identification of Related Parties

The Company shall, time to time, update the list of related parties.

(ii) Identification of RPTs

The Company shall identify whether a transaction with any party comes under RPTs or not and for this purpose the Company will seek expert professional opinion, if necessary.

(iii) Procedure for approval of Related Party Transaction

(a) Approval of the Audit Committee

All related party transactions 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 applicable provisions of the Act and / or SEBI (LODR) Regulations 2015.

The Audit Committee may, time to time, ratify the transaction with Related Party.

(b) Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions with Related Party specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, shall be placed before the Board for its approval.

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 the Shareholders of the Company

Material Related Party Transaction shall be placed before the Shareholders for their approval.

5. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or SEBI (LODR) Regulations 2015 or any other statutory enactments, the provisions of such Act or SEBI (LODR) Regulations 2015 or statutory enactments, shall prevail over this Policy. Any subsequent amendment / modification in the Act, SEBI (LODR) Regulations 2015 and/or applicable laws in this regard shall automatically apply to this Policy.
