



# SHREE PRECOATED STEELS LTD.

CIN: L70109MH2007PLC174206

Registered Office : 1, Ground Floor, Citi Mall, New Link Road, Andheri (W), Mumbai - 400 053  
Tel. : +91- 7208182677 | Email : spsl.investors@gmail.com | Website : www.spsl.com

## **Related Party Transaction Policy**

*{Pursuant to Regulation 23 (1) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015}*

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### **SHREE PRECOATED STEELS LIMITED**

*Regd. Office: - 1, GROUND "CITI MALL, NEW LINK ROAD, ANDHERI (WEST),  
MUMBAI-400053"*



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## Related Party Transaction Policy

### 1. Introduction

The Board of Directors (the “Board”) of SHREE PRECOATED STEELS LIMITED (the “Company”), 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 is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

This policy is framed as per requirement of Regulation 23(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

### 2. Definitions:-

*In this Policy, unless the context otherwise requires,-*

- a. “**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and Companies Act, 2013.
- b. “**Board**” means Board of Directors of the Company.
- c. “**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.
- d. “**Control**” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:  
**Provided** that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;



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c. **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes :

- (i) Chief Executive Officer or the managing director or the manager;
- (ii) Company Secretary;
- (iii) Whole-time director;
- (iv) Chief Financial Officer;
- (v) 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
- (vi) Such other officer as may be prescribed by the provisions of Companies Act, 2013 from time to time.

d. **“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 ten percent of the annual consolidated turnover of the Company** as per the last audited financial statements of the company or any other limit as may be prescribed in the Companies Act, 2013 and SEBI (Listing and Obligations Disclosures )Regulations ,2015 as may be amended from time to time.

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 company as per the last audited financial statements of the company.

e. **“Policy”** means Related Party Transaction Policy as originally framed or as altered from time to time.

f. **“Related Party”** Under Regulation 2(zb) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and for the purpose of this policy an entity shall be considered as related if:

- a) Such entity is a related party under Section 2(76) of Companies Act, 2013
- b) Such entity is a related party under the applicable accounting standards.

As per Section 2(76) of Companies Act 2013 related party with reference to a company, means:

- (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 or his relative is a member or director;



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- (v) a public company in which a director and manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body 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 on whose advice, directions or instructions a director or manager is accustomed to act:

**Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;**

- (viii) any body corporate which is—
  - a) a holding, subsidiary or an associate company of such company;
  - b) a subsidiary of a holding company to which it is also a subsidiary; or
  - c) an investing company or the venturer of the company;";Explanation.—For the purpose of this clause, “the investing company or the venture of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
- (ix) a director other than an independent director or key managerial personnel of the company or his relative with reference to a company, shall be deemed to be a related party.

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be related party.

g. **“Relative”** means relative as defined under the Section 2(77) of Companies Act, 2013 and includes anyone who is related to another, if –

- a) They are members of a Hindu undivided family;
- b) They are husband and wife; or
- c) Father (including step-father)
- d) Mother (including step-mother)
- e) Son (including step-son)
- f) Son’s wife
- g) Daughter
- h) Daughter’s husband
- i) Brother (including step-brother)
- j) Sister (including step-sister)

h. **“Related Party Transaction”** means a transaction as defined under Section 188 of the Act and Regulation 2 (zc) of SEBI (Listing Obligation and Disclosure Requirements)



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Regulation, 2015 which involves a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and a transaction with related party shall be construed to include a single transaction or a group of transaction in a contract.

## **Provided that the following shall not be a Related Party Transaction:**

- i. 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;
- ii. the following corporate actions Company which are uniformly applicable /offered to all shareholders in proportion to their shareholding:
  - payment of dividend;
  - subdivision or consolidation of securities;
  - issuance of securities by way of a rights issue or a bonus issue;
  - buy-back of securities.
- iii. acceptance of fixed deposits by Banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

Provided the above definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

## **3. Policy**

All Related Party Transactions needs to get prior approval of the Audit Committee for its compliance with the policy.

### **3.1 Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.



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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.

## 3.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee except those transactions exempted by the Committee through omnibus specific approval. Further, all Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and the Related Parties shall abstain from voting on such resolutions.

**Exemption as per Regulation 23(5) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and also as provided in this policy is that:**

## 4. (A) APPROVAL OF THE AUDIT COMMITTEE

### (i) Prior Approval

- All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee.
- Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

Further, **with effect from April 1, 2023** a Related Party Transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of SPSL, if the **value exceeds 10% of the annual standalone turnover**, as per the last audited financial statements of the subsidiary.

- Prior approval of the Audit Committee of SPSL shall not be required for a related party transaction to which the listed subsidiary is a party but SPSL is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.



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**Explanation:** For Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred to in (4.1.4) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

## (ii) OMNIBUS APPROVAL

Omnibus approval may be obtained from the Audit Committee for certain transactions subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the Listing Regulations including the following:

- The Audit Committee shall lay down the criteria/Policy and Guidelines for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall specify:
  - (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transactions 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.
- Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;
- The Audit 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 approvals given;



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- 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.

## (B) APPROVAL OF THE BOARD OF DIRECTORS:

- (i) If the Audit Committee determines that a Related Party Transaction is –
- a) A Material Related Party Transaction or its subsequent Material Modification; or
  - b) Not in the ordinary course of business; or
  - c) Not on arm's length basis,
- the Audit Committee shall place the matter before the Board for obtaining its approval, unless exempted.
- (ii) Where approval of the Board is required for any Related Party Transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for the 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.
- (iii) Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

**Explanation:** Any director of a company is considered interested, if the Director is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered–

- with a body corporate in which a director (singly or along with other directors) holds more than 2% shareholding or is a promoter/manager/ Chief Executive Officer of that Body Corporate.
- with a firm or other entity in which such Director is a partner, owner or member.





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(iv) Transactions meeting the materiality thresholds laid down Section 5 of the Policy, which are intended to be placed before the shareholders for approval by an Ordinary Resolution.

## **(C) APPROVAL OF THE SHAREHOLDERS:**

(i) Unless exempted, all Material Related Party Transactions and subsequent Material Modifications thereto, whether in ordinary course of business and/or on arm's length basis or not, shall require prior approval of the shareholders by passing 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.

(ii) Prior approval of the shareholders of SPSL shall not be required for a related party transaction to which the listed subsidiary, if any, is a party but is not a party, if regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

**Explanation:** For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

**(D)** 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 then it shall be ratified by the Audit Committee/Board or, as the case may be, by the Shareholders at a meeting within three months from the date on which such Transaction was entered into.

**(E)** If the Related Party Transaction as mentioned in Section 4 (D) above, is not ratified by the Audit Committee/Board or, as the case may be, by the Shareholders at their meeting within three months from the date on which such Transaction was entered into, such Transaction shall be voidable at the option of the Audit Committee/Board or, as the case may be, of the Shareholders and if the transaction is with a Related



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Party to any director, or is authorised by any other Director, the Directors concerned shall indemnify SPSL against any loss incurred by it.

## 5. DISCLOSURE AND REPORTING:

- a. The Board's Report will contain details of contracts or arrangements or transactions (i) not at arm's length basis and (ii) material (based on the thresholds laid down under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014) contracts or arrangement or transactions at arm's length basis and/or in ordinary course of business, along with justification for entering into such transaction in accordance with the requirements of Companies Act, 2013 and rules made thereunder..
- b. The Company shall submit disclosures of related party transactions along with the financial results for the half year on a standalone basis, in the format specified by the SEBI, from time to time, and publish the same on its website
- c. The Company shall also provide details of all material related party transactions (laid down in Clause 4 of the Policy above) on a quarterly basis to the stock exchanges along with the Compliance Report on Corporate Governance.
- d. As prescribed under Regulation 62(1A)(g) of the SEBI Listing Regulations, this Policy shall be hosted on the Company's website at <http://www.spsl.com>

## 6. POLICY REVIEW

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy.

The Board may also, based on the recommendations from the Audit Committee, make any amendments to the Policy from time. The Policy shall be reviewed by the Board at least once in every 3 (Three) years and updated as may be required.



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In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. A note in relation to such changes shall be placed in subsequent meeting of the Board and the Audit Committee.

7. This Policy will be communicated to all operational employees and other concerned persons of the Company.

Approved:

Version-Approved by the Board of Directors
Effective Date: 19th May, 2022

Sd/-	Sd/-	Sd/-	Sd/-
Mr. Ambalal C. Patel Chairman Non-Executive Independent Director	Mr. Harsh L. Mehta Managing Director	Mr. Nilesh H. Sarvaiya Non- Executive Director	Mrs. Aarti Ramani Independent Director