

HAPPY STEELS LIMITED

**POLICY ON
RELATED PARTY TRANSACTIONS**

RELATED PARTY TRANSACTION POLICY

HAPPY STEELS LIMITED

1. PURPOSE OF THIS POLICY:

Happy Steels Limited ("The Company") is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India ("SEBI"). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions ("RPT") and also on dealing with Related Party Transactions.

A. Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy shall come into force from the date of listing of equity shares of the Company on the stock exchanges.

B. The Board of Directors of the Company ("Board") on recommendation of the Audit Committee of the Company ("Audit Committee") shall review the Policy once in three years and may amend the same from time to time.

2. DEFINITIONS

A. "Act" shall mean the Companies Act, 2013 and includes any amendment thereof.

B. "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

C. "Material RPT"- Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceeds Rupees fifty crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction 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 statement of the Company.

D. "Material modification" means any subsequent change to an existing RPT, having variance of 25% of the existing limit.

E. "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.

F. "Company" means Happy Steels Limited.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

3. IDENTIFICATION OF RELATED PARTIES AND THE RELATED PARTY TRANSACTIONS

- I. Every director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,
 - a) at the time of appointment;
 - b) periodically – as required by the Company
 - c) whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

- II. Each subsidiary shall furnish an updated list of its Related Parties to the Company.
- III. On the basis of the above, a consolidated list of Related Parties shall be prepared in accordance with the provisions of the Act and Listing Regulations.
- IV. Potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a proposal with details, shall be submitted for requisite approval.
- V. The subsidiaries shall, from time to time, provide to the Company, information of any proposed Material Related Party Transactions and any Material Modification(s), for the purpose of obtaining requisite approvals from the Company.
- VI. The subsidiaries shall provide to the Company, on a half-yearly basis, information regarding the transactions entered into with any of the Related Parties of the Company, or with any of its subsidiaries, for making required disclosures to the stock exchanges.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

Approval of Related Party Transactions

A. AUDIT COMMITTEE

4.A.1. All the transactions between listed entity and its related party and subsequent modifications thereof, shall require prior approval of the Audit Committee in the manner specified under the Listing Regulations. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

4.A.2. 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 the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds the lower of the following:

- i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- ii) the threshold for material related party transactions of listed entity as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.A.3. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.

4.A.4. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

4.A.5. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy without diluting the requirements prescribed under the Listing Regulation.

4.A.7. Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

B. BOARD OF DIRECTORS

4.B.1. In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price or (iii) requires shareholder approval as specified in 4.C.1 below, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing, the business rationale or any other parameters provided under the Listing Regulations for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. 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.

C. SHAREHOLDERS

4.C.1. If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said

transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

- D. The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. Therefore, the aforesaid RPTs shall be exempt from the requirement of prior approval of the Audit Committee and Shareholders.
- E. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved as per this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as may be required in accordance with this policy. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy. The Audit Committee shall consider all 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. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval; the Audit Committee, as appropriate, may direct additional actions, including but not limited to, immediate discontinuation or rescission of the transaction.

F. REPORTING OF RELATED PARTY TRANSACTIONS

- 4.F.1. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement
- 4.F.2. The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.
- 4.F.3. Details of all material RPTs shall be disclosed quarterly along with the compliance report on corporate governance

5. LIMITATION AND AMENDMENT

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

6. DISCLOSURE OF THE POLICY

- A. The Company shall display this Policy on its website and a web link thereto will be provided in its annual report.
- B. Disclosure with regard to the RPTs must also be made in accordance with the provisions of the Act.

7. AMENDMENTS TO THE POLICY

This Policy would be subject to modification in accordance with the guidelines/clarifications as may be issued from time to time by relevant statutory and regulatory authority.

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority.

For HAPPY STEELS LIMITED
Deepak Singh
Director

For HAPPY STEELS LIMITED
Abhishek Garg
Managing Director
DIN-00621845

For HAPPY STEELS LIMITED
Carlor
Director