

POLICY ON RELATED PARTY TRANSACTIONS

I.SCOPE OF THIS POLICY

Gandhi Special Tubes Limited ("GSTL") shall engage with Related Parties in the ordinary course of business and on an arm's length basis to access products or services of unique nature, quality, or quantity, or on terms not readily available from alternative sources. Such engagements will also enable GSTL to leverage scale and introduce innovative products to its consumers. All transactions with Related Parties shall be conducted in full compliance with applicable laws and regulations, ensuring transparency and fairness.

II.OBJECTIVE OF THIS POLICY

The Board of Gandhi Special Tubes Limited ["GSTL" or "the Company"] after considering the recommendation of the Audit Committee, has adopted the Policy on Related Party Transactions ["Policy"] in line with the requirements provided under the Companies Act, 2013 and the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 ["SEBI Listing Regulations"] as amended from time to time, respectively.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

III.DEFINITIONS AND APPLICABILITY

All capitalized terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Companies Act, 2013 and the Rules framed there under and the SEBI Listing Regulations as amended from time to time.

The Audit Committee of the Company shall review all related party transactions as a matter of good governance and suggest such actions, if required, that are consistent with the approach outlined in this Policy namely of executing Related Party Transactions that are in the ordinary course of business and at arm's length.

IV.DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions shall require prior approval of the Audit Committee. All Material Related Party Transactions and Material Modifications shall require prior approval of the Shareholders of the Company in accordance with this Policy. In dealing with Related Party Transactions, the Company will follow the below mentioned approach:

1. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

All Related Party Transactions and subsequent Material Modifications shall be identified and brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors, Members of the Management Committee and Key Managerial Personnel [KMP's] are responsible for informing the Company of their interest [including interest of their Relatives] in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

2. APPROVAL AND REVIEW OF RELATED PARTY TRANSACTIONS

All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee of the Company in accordance with this Policy. Further, only those members of the audit committee, who are independent directors, shall approve related party transactions under Regulation 23(2) of SEBI (LODR) Regulations 2015.

A. APPROVAL OF THE AUDIT COMMITTEE- MECHANISM

1. Details to be provided to Audit Committee

The following details/information shall be provided to the Audit Committee for entering into Related Party Transaction(s):

- (a) Type, material terms and particulars of the proposed transaction, contract, or arrangement.
- (b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise).
- (c) Nature and Tenure of the proposed transaction (particular tenure shall be specified).
- (d) Value, maximum amount and any advance paid or received of the proposed transaction, contract, or arrangement.
- (e) Manner of determining the pricing (indicative base price / current contracted price and the formula for variation in the price, if any) and other commercial terms, both included as part of contract and not considered as part of the contract.
- (f) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for

a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided).

(g) If the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the listed entity or its subsidiary: --These are not *per-se* related party transactions --Pls refer ICSI Guidance Note Also as mentioned under Para --Exemption-- These are to be looked into by Audit Committee but they are not RPT

- a. details of the source of funds in connection with the proposed transaction.
- b. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances, or investments, • nature of indebtedness • cost of funds; and • tenure.
- c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

(h) Justification as to why the RPT is in the interest of the listed entity.

(i) A copy of the valuation or other external party report, if any such report has been relied upon.

(j) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.

(k) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

(l) Any other information that may be relevant

2. Omnibus Approval and Criteria thereof

The Audit Committee may grant the omnibus approval for Related Party Transactions proposed to be entered into subject to the following conditions / criteria:

1. Transactions are frequent/regular/repetitive in nature and are in the normal course of business of the Company.

2. The Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.

3. The maximum aggregate value of all transactions taken together in a financial year with a related party which can be approved under omnibus route in a financial year, shall not exceed one thousand crores or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower

4. 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. Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One crore per transaction.

5. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

6. The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of the financial year.

7. The Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

In an unforeseen event where a Related Party Transaction, for which omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy or be unenforceable if it is brought for ratification by the Independent Directors of the Audit Committee within three months or by the next Audit Committee meeting, whichever is earlier, subject to certain conditions.

- The total value of such transactions in a financial year shall not exceed INR 1 crore,
- The Related Party Transaction should not be material in nature.
- A valid rationale must be provided to the Audit Committee, and
- ratification details must be included in the half-yearly report to the stock exchange.

Failure to seek ratification shall render the RPT voidable at the option of the Audit Committee, and the interested director must indemnify the listed entity for any loss incurred

3. Consideration by the Audit Committee

While approving, the Audit Committee may, inter-alia, consider the following factors:

a. all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party.

b. whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis, at the time of entering into the transaction.

- c. business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- d. whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or KMP of the Company.
- e. any other matter the Audit Committee deems relevant.

Where proposal for any Related Party Transactions is placed but not approved by the Audit Committee, reasons for such should be recorded.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse himself or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has a potential interest in such Related Party Transaction will recuse himself or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and rules framed there under and the SEBI Listing Regulations.

All entities falling under the definition of Related Parties shall not vote to approve the Related Party Transaction irrespective of whether the entity is a party to the particular transaction or not.

4. Review by the Audit Committee

The Audit Committee shall, on quarterly basis, review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

B. APPROVAL OF THE BOARD AND SHAREHOLDERS - MECHANISM

1. Under the Companies Act, 2013

In case of specified Related Party Transaction(s) as per section 188(1) of the Companies Act, 2013 read with applicable Rules under the Companies Act, 2013 as amended and as mentioned in the table below, prior approval of Board and/or Shareholders is required as per the following:

- a. Prior approval of the Board at a meeting - Transactions which are not in ordinary course of business or not on arm's length basis.

b. Prior approval of the Shareholders, by way of resolution - Transactions which are not in ordinary course of business or not on arm's length basis and beyond the following threshold limits:

S. No.	Specified RPT(s) u/s 188(1) of the Companies Act, 2013	Threshold limits for approval of Shareholders
a.	sale, purchase or supply of any goods or materials, directly or through appointment of agent,	amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013
b.	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.
c.	leasing of property of any kind	amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188 of the Companies Act, 2013.
d.	availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.
e.	such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	at a monthly remuneration exceeding two and a half lakh rupees.
f.	remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	exceeding one percent of the net worth.

Explanation(s):

Limits specified in sub-clauses a) to d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

Turnover or net worth shall be computed on the basis of the audited financial statement of the preceding financial year.

2. Under SEBI (LODR) REGULATIONS 2015.

All Material Related Party Transactions and material modifications thereof require the prior approval of the shareholders, by way of resolution. However, the same shall be put up to the Board for its approval at its meeting before the approval of shareholders.

3. DETAILS TO BE PROVIDED TO THE BOARD AND SHAREHOLDERS

The information provided to the Audit Committee above shall also be provided to the Board for approval of Related Party Transaction(s).

The following information shall be provided to the Shareholders for approval of Related Party Transaction(s):

- a. A summary of the information provided by the management of the listed entity to the audit committee as specified above including the name of the related party, nature of relationship, nature, material terms, monetary value and particulars of the contract or arrangement.
- b. Justification for why the proposed transaction is in the interest of the listed entity.
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4.b.i (g) above.
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders.
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis.
- f. Name of the Director or KMP who is related, if any.
- g. Any other information that may be relevant.

V.EXEMPTIONS UNDER THE COMPANIES ACT, 2013 AND UNDER SEBI (LODR) REGULATIONS, 2015 AND OTHER EXEMPTIONS:

- a) Subject to the extant provisions, the following exemptions shall be applicable under the Act and Listing Regulations:

Particulars	Exemption
The requirement of approval of the Audit Committee as per the Companies Act, 2013	For a transaction, other than a transaction referred to in section 188 of the Companies Act, 2013, between a holding company and its wholly owned subsidiary company.
The requirement of passing the resolution by the shareholders as per the Companies Act, 2013	For transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. • To a government company in respect of contracts or arrangements entered into by it with any other Government company.
The requirement of the Board approval	If the transactions are at arms' length and in the ordinary course of business.
The requirement of approval of the Audit	For transactions entered into between a

Committee and the Shareholders for RPTs requiring approval under the SEBI (LODR) Regulations 2015	holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. • To a government company in respect of contracts or arrangements entered into by it with any other Government company. • Transactions entered into between two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. • In cases where the subsidiary is a listed entity and Regulations 23 and 15(2) of the SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary.
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b) Other Exemptions -

The following Related Party Transactions are deemed to be approved by the Audit Committee and no separate approval shall be required:

- (i) Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board.
- (ii) Transactions that require approval by the Board under any specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments etc. with its wholly owned subsidiaries or other Related Parties;
- (iii) Loans and advances to Directors / KMPs as a part of conditions of services extended by GSTL to all its employees.
- (iv) If the transactions are through open & transparent competitive bidding process.
- (v) Payment or receipt of Dividend, interest and any other returns related to approval accorded for making any investment / loans etc.
- (vi) Payments of statutory contributions to various employees' post-employment benefits trusts/schemes.
- (vii) Deputation/secondment of employees in group companies.
- (viii) Transactions in the nature of reimbursements from/to group companies at actuals.
- (ix) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the SEBI (LODR) Regulations 2015.
- (x) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR & Sustainability Committee; and Any other transactions based on directions from Ministries, Government of India

VI. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

- a. Subject to the provisions of the Act, SEBI (LODR) Regulations 2015 and other applicable laws, in the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. 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.

- b. Pursuant to Section 177 of the Companies Act, 2013, in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.
- c. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the 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 or, as the case may be, of the shareholders 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.
- d. In any case where either the Audit Committee/Board/Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, may direct additional actions including, but not limited to, seeking fresh approvals, discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board/ Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

VII. DISCLOSURES

- a. Every contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Companies Act 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- b. Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance to be submitted to stock exchanges.
- c. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- d. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large in the Corporate Governance Report.
- e. Disclosures in the financial statements as required under Ind AS 24.
- f. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party as required under the Companies Act, 2013. g) The Company shall in every six months on the date of publication of its standalone and consolidated financial results submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time and publish the same on its website.

VIII. Transfer Pricing Regulations

All related party transactions shall, wherever applicable, comply with Domestic/ International Transfer Pricing requirement of Income Tax Act, 1961 including certification from independent

accountants under the Transfer Pricing Regulations and as per Section 188(1)(b) of the Companies Act, 2013 that defines an "arm's length transaction" as one conducted "as if the two parties were unrelated and dealing with each other at arm's length under comparable circumstances. It will be the responsibility of the concerned department/management to ascertain that all the transactions are at arm's length as defined herewith before submitting the same for approval to the Audit Committee.

IX. Disclaimers

In case of any discrepancy between this Policy, the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 or any rule or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation/ provision shall prevail over this Policy. Any subsequent amendment/ modification in the SEBI (LODR) Regulations 2015, Act and/ or applicable law in this regard shall automatically apply to this Policy.

X. REVIEW OF THE POLICY

The Policy and its material threshold limits shall be reviewed and approved by the Board of Directors of the Company at least once in every three years, or at a frequently as may be prescribed under the applicable regulations or best practices and updated accordingly