



Policy on Related Party Transactions

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time



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A-One Steels India Limited

(Formerly known as A-One Steels India Private Limited and A-One Steel and Alloys Private Limited)

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1) SCOPE AND PURPOSE OF THE POLICY

Related Party Transactions ("RPTs") can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 read with the rules framed thereunder including any subsequent amendments thereof ("Act") and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modification(s) / amendment(s) / re-enactment(s) thereof ("Listing Regulations"), A- One Steels India Limited ("A-One" or "the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, the Listing Regulations require a company to formulate a policy on materiality of related party transactions and dealing with related party transactions including clear threshold limits duly approved by the Board of Directors of the Company.

In light of the above, A-One has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Board of Directors shall review and update the Policy, at least once in every three years.

2) ABOUT THE COMPANY

Established in 2012 and with 13+ years of experience in the integrated private sector, A-One Group is a steel producer with diversified product portfolios and backward integration. The Company has a competitive advantage, producing high-quality steel products with solid control over the Raw Material Supply Chain. It has, amongst other places, its largest integrated manufacturing plant at Bellary.

3) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act and Listing Regulations.

4) DEFINITIONS

Related Party as per Listing Regulations

"Related Party" is a party as defined in Regulation 2(1)(zb) of the Listing Regulations.

Related Party as per the Act

Related Party is a party as defined under section 2(76) of the Act, read with the relevant rules thereunder.

The terms 'Relative'; 'Subsidiary'; 'Key Managerial Personnel'; 'Chief Executive Officer'; 'Chief Financial Officer'; and 'Managing Director' shall have the same meaning as prescribed under the relevant sections of the Act and the applicable rules made thereunder.

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.

Ordinary Course of Business means a transaction which is carried in the normal course of business envisaged in accordance with the Memorandum of Association (MoA) and Articles of Association (AoA), as amended from time to time, or historical practice with a pattern of frequency or common commercial practice, or meets any other parameters/criteria as decided by the Board or Audit Committee.

Related Party Transaction

"Related Party Transaction" means any transaction as given under section 188 of the Act and the applicable rules made thereunder or any transaction under Regulation 2(1)(zc) of the Listing Regulations.

Material Related Party Transaction as per Listing Regulations

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of Listing Regulations as following:

Consolidated Turnover of Listed Entity	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.

Transactions involving payment to a related party for brand usage or royalty will be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Material Modification

"Material Modification(s)" means and includes any modification to an existing RPT, having variance of 25% in value, on an aggregate basis, over the limits already approved by the Audit Committee or Board of Director or Shareholders, as the case may be, or such other limits or modification as may be approved by the Audit Committee from time to time.

Modification to other general terms and conditions not having monetary impact on the transaction or extension or continuation of tenure of a contract within 25% of the tenure originally approved, will not be deemed to constitute as 'Material Modification'.

5) MATERIALITY THRESHOLDS

The Listing Regulations require a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

The Company has fixed the materiality thresholds as prescribed under Regulation 23 of the Listing Regulations and as defined for Material Related Party Transactions under Clause 4. Materiality thresholds, if defined by the Act or Listing Regulations particularly for any type/(s) of related party transactions which are different from the materiality threshold fixed by the Company, then material thresholds as defined by such Act or Listing Regulations shall prevail for such type/(s) of related party transactions.

Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014, as modified, framed under the Act, also specifies the materiality limit for specific transactions that require shareholder's approval. The same are detailed in clause 6 (c).

6) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions and subsequent modifications to such transactions (including material modifications as the case may be) should be reported to the Audit Committee for approval. When required, the Audit Committee shall further refer such transactions and material modifications to the Board of Directors or shareholders, in accordance with this Policy.

a) Identification of related parties

The Company has formulated guidelines for identification and updating the list of related parties of the Company and its subsidiaries as prescribed under Section 2(76) of the Act read with the rules framed thereunder and Regulation 2(1)(zb) of the Listing Regulations.

b) Identification of related party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations. The Company has also formulated a guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis. For this purpose, the Company seeks external professional opinion, as necessary.

c) Procedure for approval of related party transactions

(i) Approval of the Audit Committee

Companies Act, 2013 and SEBI Listing Regulations requirements

All related party transactions by the Company and any subsequent modifications of such transactions require prior approval of the Audit Committee. Provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

Related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company itself is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction, exceeds the lower of the following:

- (i) 10% 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 the Company as specified in Schedule XII of Listing Regulations.

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) The threshold for material related party transactions of the Company as specified in Schedule XII of Listing Regulations:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee.

The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiaries, subject to the conditions and in the manner as prescribed under the Act and the Listing Regulations.

Prior approval of Audit Committee shall not be required for transactions and any subsequent modifications including material modification of such transaction(s), as the case may be, between related parties which are exempt under the Act and Listing Regulations.

(ii) Approval of the Board of Directors

Section 188 of the Act specifies certain kinds of transactions which, if they are not in the ordinary course of business or not at arm's length basis, are 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:

- 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;
- 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;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down Clause 5 of this Policy, which are intended to be placed before the shareholders for approval.

(iii) Approval of the Shareholders of the Company

Companies Act, 2013 requirements

In case the transactions specified under Section 188 of the Act cross the thresholds as prescribed under the Act, in addition to approval of the Board, such transactions will also be required to be approved by the shareholders of the Company vide a resolution, on which no member of the Company shall vote to approve the contract or arrangement if such member is a related party.

However, such resolution is not required to be passed 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.

The thresholds prescribed in the Act for obtaining approval of shareholders are as follows:

- Sale, purchase or supply of any goods or materials amounting to ten percent or more of the turnover of the company;
- Sale or otherwise disposal of or purchase of property of any kind, amounting to ten percent or more of the net worth of the company;
- Leasing of property of any kind amounting to ten percent or more of the turnover of the company;

- Availing or rendering of any services amounting to ten percent or more of the turnover of the company;

The aforesaid limits apply to a transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- Appointment of any related party to any office or place of profit in the company, its subsidiary or associate where the monthly remuneration exceeding rupees two and half lakh;
- Remuneration for underwriting subscription of any securities or derivatives thereof, of the Company exceeding one percent of net worth.

These thresholds have to be evaluated for each category of transactions enlisted above for each related party.

Listing Regulations requirements

All material related party transactions and subsequent material modifications thereof shall require prior approval of the shareholders of the Company.

Prior approval of shareholders of the Company shall not be required for material related party transactions and any subsequent modification of such transactions, as the case may be, between the related parties which are exempt under the Listing Regulations.

For this purpose, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

All omnibus approvals for material related party transactions granted by shareholders in an annual general meeting shall remain valid until the next annual general meeting held within the timelines prescribed under Section 96 of the Act. Approvals granted by shareholders in general meetings other than annual general meeting shall be valid for a period not exceeding one year from the date of such approval.

7) DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all related party transactions meeting the materiality thresholds (laid down in Clause 5 of the Policy above) on a quarterly basis to the stock exchanges.

The Company shall, within timelines as may be specified by SEBI from time to time, submit requisite disclosures of related party transactions to stock exchanges, in the format specified by SEBI and publish the same on its website.

This Policy shall be published on the Company's website www.aonesteelgroup.com and web link of the policy shall be disclosed in the Company's Annual Report.

8) RATIFICATION OF RELATED PARTY TRANSACTIONS BY THE AUDIT COMMITTEE

The members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the conditions and in the manner as mentioned in Regulation 23 of SEBI Listing Regulations.

9) RELATED PARTY TRANSACTIONS NOT APPROVED/RATIFIED UNDER THIS POLICY

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 transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the members of the Audit Committee, who are Independent Directors determine 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, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

10) AMENDMENTS

If there is any amendment to the Act or Listing Regulations affecting this Policy, then the relevant amended provision of the Act or Listing Regulations will prevail over this Policy. The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.

In case of any clarifications required with respect to this policy, kindly contact Company Secretary at legal@aonesteelgroup.com.

