

Essar Shipping Limited
Related Party Transactions Policy

Introduction

Essar Shipping Limited (hereinafter referred to as “the Company”) shall engage with Related Parties while providing services to its customers and ensure that transactions with Related Parties are fully compliant with the provisions of the Companies Act, 2013 and the Listing Agreement.

The Board of Directors (“the Board”) of the Company after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions.

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

Definitions and Applicability

“**Act**” means the Companies Act, 2013.

“**Clause 49**” means the Clause no. 49 of the Equity Listing Agreement entered into by the Company with the stock exchanges.

“**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 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 principles for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

“**Company**” means Essar Shipping Limited.

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

“**Related Party**” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Clause 49(VII) (B) of the Listing Agreement

“**Related party transaction**” is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged, including but not limited to the following:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) appointment to any office or place of profit in the company

A transaction shall be construed to include a single transaction or a group of transactions in a contract.

“**Material Related Party Transactions**” shall mean a transaction as defined in Clause 49(VII)(C) of the Listing Agreement.

“**Key Managerial Personnel**” shall mean the officers/employees of the Company as defined in Section 2(51) of the Companies Act, 2013.

“**Employees**” shall mean the employees and office-bearers of the Company, including but not limited to Directors.

“**Director**” means a person as defined in Section 2(34) of the Companies Act, 2013.

“**Audit Committee**” means the Committee of the Board formed under section 177 of the Act and Clause 49(III) of the Listing Agreement.

This policy is applicable to Essar Shipping Limited. Accordingly, the terms ‘Company’, ‘Board of Directors’, ‘Audit Committee’, ‘Nomination and Remuneration Committee’, ‘Corporate Social Responsibility Committee’ shall be construed with reference to Essar Shipping Limited. In case the Company is not required to constitute any of the Committee as per the applicable provisions of the Companies Act, 2013, the reference to the Committees in this policy shall be read as the ‘Board of Directors’.

Related party transactions under the policy

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and/or the Board of Directors of the Company in accordance with this policy.

Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

The Audit Committee may grant omnibus approval to Related Party Transactions that are:

- a. repetitive in nature; and/or
- b. entered in the ordinary course of business and are at Arm’s Length.

Such omnibus approval shall specify (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into; (ii) the indicative value and the formula for variation in the value, if any; and (iii) such other conditions as the Audit Committee may deem fit;

Such omnibus approval shall be valid for a period not exceeding one year.

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 may grant omnibus approval for unforeseen Related Party Transactions that may occur between two Audit Committee meetings provided such transaction is at an arm’s length and in the ordinary course of business. However, such approval shall not exceed Rs. 1 crore per transaction.

Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse him 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 him 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.

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.

In addition all Material Related Party Transactions will require prior approval of the shareholders.

All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Transaction at arm's length

The Company has laid out the procedure to assess whether transactions with related parties are at an arm's length. Tests to determine that transactions are in "ordinary course of business" and on an "arms' length basis" shall be conducted on an ongoing basis.

Disclosure

- All Directors and KMP are required to disclose to the Company their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and of any change in such interest during the year in terms of Section 184 of the Companies Act, 2013.
- Every related party transaction, if required under law/Listing Agreement shall be referred to in the Board's report along with the justification for entering into such contract or arrangement. The Company shall also maintain a Register in the prescribed form.
- 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.

Amendments to the Policy

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. 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.

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