

Date: 30 January 2026

To,

Manaksia Steels Limited  
Turner Morrison Building  
6 Lyons Range, 1st Floor  
Kolkata 700001

Subject: Arm's length pricing for Related Party Contracts under Section 188 of the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for FY 2026-27

As requested by the management of Manaksia Steels Limited ('MSL'), Ernst & Young LLP, India ('EY') has undertaken the following in relation to the related party transactions proposed by MSL including transactions covered under the omnibus approval from the Audit Committee meeting dated 31<sup>st</sup> January 2026:

- Review the appropriateness of the pricing methodology of related party transactions (RPT) (refer to Appendix 1 for the details) from arm's length perspective based on our understanding of facts/ information provided by MSL)
- Assist in preparing the arm's length policy note booklet (refer to Appendix 2) for related party transactions covered under the omnibus approval

For the purpose of the above analysis, EY has relied on the Income-tax Act, 1961 read with Income Tax Rules, 1962, along with guidance provided in OECD Transfer Pricing Guidelines, 2022 for evaluation of the pricing methodology followed in case of related party transactions from an arm's length perspective.

Based on the analysis carried out by EY, we believe that the aforesaid RPTs are compliant from an arm's length pricing methodology perspective. (Please refer to Appendix 1 for transaction wise details)

Please feel free to contact us if you have any questions or require clarifications.

Sincerely,

*Saumen Saha*

Saumen Saha  
Partner

**Appendix 1 - List of Transactions With Related Parties proposed by MSL including transactions covered under the Omnibus approval FY 2026-27**

<b>Name of Related Party</b>	<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	<b>Reference to policy notes</b>
Sumo Steels Ltd.	Significant influence of KMP	Sale of Hot Rolled Steel Coils/ Sheets, spares etc.	Annexure 1
Federated Steel Mills Ltd.	Subsidiary	Sale of raw materials, spare parts, etc.	Annexure 1
Jebba Paper Mills Ltd.	Significant influence of KMP	Sale of raw materials, spare parts, etc.	Annexure 1
MINL Ltd.	Significant influence of KMP	Sale of Raw Materials, i.e., Pickling Prep for Metal Surface, Antimony, Tin Ingot, TFS, Zinc Ingots, Paints etc. and Spare Parts, i.e., Bricks and Blocks, etc.	Annexure 1
Manaksia Ltd.	Significant influence of KMP	Sale of Cold Rolled Steel Coils/Sheets, Galvanized Steel Coils/Sheets & Color Coated AluZinc Materials.	Annexure 2
Manaksia Ferro Industries Limited	Significant influence of KMP	Sale of Cold Rolled Steel Coils/Sheets, Galvanized Steel Coils/Sheets & Color Coated AluZinc Materials.	Annexure 2
Leadstone Energy Pvt. Ltd.	Other Related Party	Purchase of raw material (lead)	Annexure 3
Vajra Machineries Pvt. Ltd.	Significant influence of KMP	Purchase of repair services, spare parts , Machinery & equipment	Annexure 3
Bankura Machinery Private Limited	Significant influence of KMP	Purchase of Spare Parts, Machinery & Equipments	Annexure 3
Bankura Machinery Private Limited	Significant influence of KMP	Rental income received by MSL	Annexure 4

## Appendix 2 – Policy notes for Related Party Transactions/Contracts/Arrangements

# Manaksia Steels Limited

*Arm's Length Review of Related Party Transactions/Contracts/Arrangements under Section 188 of the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*



# Executive Summary

# 1. Background

Companies Act 2013 (effective from 1<sup>st</sup> April 2014), and Revised Clause 49 of the SEBI's Equity Listing Agreement (effective from 1st October 2014) have ushered in significant compliance requirements in relation to Related Party Transactions ("RPTs"). Listed companies are required to comply with the relevant provisions of both these legislations.

The relevant provisions under Companies Act 2013 ("Co Act 2013") have since been amended vide Companies (Meetings of Board and its Power) Rules 2014, Companies Amendment Act 2015, Companies (Amendment) Act 2017, and latest being Companies (Amendment) Act 2019. Similarly, SEBI has incorporated all its rules in a single document known as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations 2015").

Pursuant to the aforesaid legislation (Section 177 read with Section 188 of the Co Act 2013 and Regulation 23 of the SEBI Regulations 2015), prior approval of Audit Committee is required for related party transactions to be entered into by Manaksia Steels Limited during FY 2026-27. Further, where the need for related party transaction cannot be foreseen and the prescribed details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction.

In relation to the above, MSL has sought assistance from Ernst & Young LLP ('EY') to analyze the related party transactions proposed to be entered into during the FY 2026-27 from an arm's length perspective.

## 2. Process/Methodology Adopted

MSL has identified the transactions proposed to be entered with its related parties during the period 1<sup>st</sup> April 2026 to 31 March 2027 (FY 2027') for which approval from the audit committee has been taken in its meeting held on 31<sup>st</sup> January, 2026.

We have reviewed the appropriateness of the pricing arrangement of all RPTs listed in Appendix 1 from an arm's length perspective for FY 2026-27, based on our understanding of facts/ information provided by MSL and our experience in dealing with RPTs in a similar industry.

For the purpose of the analysis, we have relied on Income-tax Act, 1961 ('the Act') read with Income Tax Rules, 1962 ('the Rules') along with guidance provided in OECD<sup>1</sup> Transfer Pricing Guidelines, 2022 for evaluation of the pricing methodology followed in case of related party transactions from arm's length perspective. The transactions policy notes have been provided in Annexure 1 to Annexure 4.

In relation to the above, the transfer pricing methods considered as per the Act for the above-mentioned analysis are given below.

## 3. Transfer Pricing Methods

### I. Comparable Uncontrolled Price method ('CUP' Method)

- ▶ The price charged or paid for property transferred or services rendered in a comparable uncontrollable transaction, or a number of such transactions are identified.
- ▶ Such price is adjusted to account for differences, if any, between International Transaction or domestic transactions and the comparable uncontrolled transaction or between enterprises entering into such transactions, which could materially affect the price in the open market.
- ▶ The adjusted price is taken to be the Arm's Length Price ('ALP') for the property transferred or

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<sup>1</sup> Organisation for Economic Co-operation and Development

services provided in such International transactions or domestic transactions.

## II. Resale Price Method ('RPM' Method)

- ▶ The price at which the goods or services are purchased or obtained by the company from the Related Party ('RP') and resold or provided to an unrelated enterprise is identified.
- ▶ Such resale price is reduced by the amount of a normal gross profit margin accruing to the enterprise or to an unrelated enterprise from the purchase and resale of similar goods or obtaining and providing similar services in a comparable uncontrolled transaction.
- ▶ The price so arrived at is further reduced by the expenses incurred by the enterprise in connection with the purchase of the goods or obtaining of services.
- ▶ The price so arrived at is adjusted to take into account the functional and other differences, including differences in accounting practices, if any, between the International Transaction or domestic transactions and the comparable uncontrolled transaction, or between the enterprises entering into such transactions, which could materially affect the amount of gross profit margin in the open market.
- ▶ The adjusted price thus arrived at is taken to be the ALP in respect of the purchase of the goods or obtaining of the service, by the company from the RP.

## III. Cost Plus Method ('CPM' Method)

- ▶ The direct costs and indirect costs of production incurred by the company in respect of property transferred or services provided to an RP are determined.
- ▶ The amount of normal gross profit mark-up to such costs (computed according to the same accounting norms) arising from the transfer or provision of the same or similar property or services by the enterprise, or by an unrelated enterprise, in a comparable uncontrolled transaction is determined.
- ▶ The normal gross profit mark-up is adjusted to take into account the functional and other differences, if any, between the International Transaction and the comparable uncontrolled transaction or between the enterprises entering into such transactions which could materially affect such profit mark-up in the open market.
- ▶ The direct and indirect costs of production incurred by the company in the International Transaction are marked up by the adjusted gross profit margin arrived at, as described above.
- ▶ The sum so arrived at is taken to be the ALP in relation to the supply of the goods or provision of services.

## IV. Profit split method ('PSM' Method)

The PSM may be applicable mainly in International Transactions involving the transfer of unique intangibles or in multiple International Transactions which are so interrelated that they cannot be evaluated separately for the purpose of determining the ALP of any one transaction. Under this method:

- ▶ The combined net profits of the RPs arising from the International Transaction, in which the enterprises are engaged, are determined.

- ▶ The relative contribution made by each such RP including the company to the earning of such combined net profit is then evaluated on the basis of the functions performed, assets employed and risks assumed by each enterprise, and on the basis of reliable external market data which indicates how such contribution would be evaluated by unrelated enterprises performing comparable functions in similar circumstances.
- ▶ The combined net profit is then split amongst the enterprises in proportion to their relative contribution.
- ▶ The profit thus apportioned to the company is taken into account to arrive at the ALP in relation to the International Transaction.

Further, it is also possible that the combined net profit may in the first instance, be partially allocated to each enterprise so as to provide it with a basic return, appropriate for the type of International Transaction in which it is engaged (with reference to market returns achieved for similar types of transactions by independent enterprises). Thereafter, the residual net profit may be split amongst the enterprises in proportion to their relative contribution. In such a case, the aggregate of the net profit allocated to each enterprise for providing it with a basic return and the residual net profit apportioned on the basis of the relative contribution of each enterprise shall be taken to be the net profit arising to that enterprise from the International Transaction.

#### V. Transactional Net Margin Method ('TNMM' Method)

- ▶ The net profit margin realised by the enterprise from an International Transaction, entered into with an RP, is computed in relation to costs incurred, or sales effected or assets employed or having regard to any other relevant base.
- ▶ The net profit margin realised by the enterprise, or by an unrelated enterprise from a comparable uncontrolled transaction is computed having regard to the same base.
- ▶ The net profit margin is adjusted to take into account the differences, if any, between the International Transaction and the comparable uncontrolled transaction or between the enterprises entering into such transactions which could materially affect the amount of net profit margin in the open market.
- ▶ The net profit margin thus computed is established to be the same as the net profit margin arising from the International Transaction.
- ▶ The net profit margin thus established is then taken into account to arrive at the ALP in relation to the International Transaction.

#### VI. Any other method as provided in Rule 10AB ('Other Method')

- ▶ Any method that takes into account the price that has been charged or paid, or would have been charged or paid, for the same or similar uncontrolled transaction, with or between non-RPs, under similar circumstances considering all the facts, shall be regarded as one of the recognized methods for determining the ALP<sup>2</sup>.

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<sup>2</sup> Inserted by CBDT Notification No.18 / 2012 dated 23 May 2012 on determination of ALP

#### 4. Selection of method

For the various category of transactions, the following methods were selected for arms' length analysis:

Nature of Transaction	Methods used					
	CUP	TNMM	RPM	CPM	PSM	Other method
Sale of Raw Materials, Spare parts and other related items				✓		
Sale of Cold Rolled Steel Coils/Sheets, Galvanized Steel Coils/Sheets & Color Coated AluZinc Materials		✓				
Purchase of raw material, services, Spare Parts and Machinery & Equipment etc. from related parties		✓				
Rental income received from Bankura Machinery Private Limited						✓

## 5. Arm's length analysis

Based on the information and explanation provided by the management and the documents reviewed, EY has prepared RPT policy note for each category of transactions containing details like nature and description of transactions, justification for such transaction, pricing mechanism, basis of arriving at the price, documentation to be maintained, arm's length policy, etc.

The above analysis for all the transactions of FY 2026-27 for which approval has been sought from the Audit Committee has been summarised in the policy notes attached from Annexure 1 - 4.

Based on such analysis, it has been concluded that the related party transactions are in compliance with arm's length methodology.

## Policy Note on transaction on Sale of Raw Materials, Spare parts and other related items

### Related parties involved:

- Sumo Steels Limited
- Federated Steel Mills Ltd.
- Jebba Paper Mills Ltd.
- MINL Ltd.

Period covered: Financial year ended 31 March 2027

SN	Item	Particulars
1.	Nature of transaction	Sale of Hot Rolled Steel Coils/ Sheets, Consumables, Capital Goods & spares etc. to RPs by Manaksia Steels Limited ("MSL")
2.	Name of Related party	<ul style="list-style-type: none"> <li>• Sumo Steels Limited</li> <li>• Federated Steel Mills Ltd.</li> <li>• Jebba Paper Mills Ltd.</li> <li>• MINL Ltd.</li> </ul> collectively referred as Related Parties (RPs)
3.	Nature of relationship	Entity over which key managerial personnel and their relatives have significant influence Subsidiary
4.	Proposed transaction value for FY 26-27	INR 475 Crores
5.	% of MSL's annual consolidated turnover	74.89%
6.	Duration of transaction	During the FY 2026-27
7.	Description of transaction	<ol style="list-style-type: none"> <li>1. MSL is engaged in the business of manufacturing and sale of steel &amp; related products.</li> <li>2. RPs requires goods such as Hot Rolled Steels Coils/ Sheets, Consumables, Capital Goods &amp; spares etc. for the purpose of its business operations.</li> <li>3. MSL has excess Hot Rolled Steels Coils/ Sheets, raw materials, spares etc. available which can be sold to its Group Company. In some cases, MSL procures goods from third party and supplies the same to the RPs based on their requirement.</li> <li>4. Accordingly, based on availability of stock and price agreed, purchase order is raised by RPs on MSL with specifications of the goods required.</li> <li>5. The purchase order shall have the following information: <ul style="list-style-type: none"> <li>• Ordered quantity</li> <li>• Price at which order is placed</li> <li>• Payment terms</li> <li>• Delivery terms</li> </ul> </li> </ol>
8.	User Department	Sales department
9.	Justification of entering the transaction	Product needed by RPs is available in-house / procured from third parties by MSL of required quality and specification. Further, the price charged to RPs is determined with reference to price prevailing in the market.
10.	Whether the transaction is in the ordinary course of business?	Based on the justification as presented above and as per representation by the management, the transaction is in the ordinary course of business.

SN	Item	Particulars
11.	Whether the transaction is at arm's length?	Yes
12.	Is there adequate documentation available to substantiate arm's length?	A reasonable level of documentation is available. A comprehensive list of documents required to be maintained is provided in point 15 below
13.	Flow diagram of transaction mechanism:	<pre> graph LR     A[Requirement of goods by RPs] --&gt; B[RPs communicates requirement to MSL]     B --&gt; C[Price determined by MSL based on the market price]     C --&gt; D[Invoice to be raised by MSL on RPs] </pre>
14.	Arm's length policy	<ol style="list-style-type: none"> <li>1. An analysis is required to be undertaken to identify any possible internal CUPs.</li> <li>2. In case of internal CUPs, the following factors needs to be considered: <ul style="list-style-type: none"> <li>• Similar products sold to the third party by MSL</li> <li>• Similar products purchased from third party by RPs</li> </ul> </li> <li>3. Following parameters are required to be considered for the purpose of comparability: <ol style="list-style-type: none"> <li>a. Sale made to third party and RPs are in the same time period.</li> <li>b. Quantity sold to third party is similar to quantity sold to RPs.</li> <li>c. Specification of the product sold to a third party is the same as the product sold to RPs.</li> </ol> </li> <li>4. In the absence of internal comparable, the price charged to RPs will be compared with externally published rate available in the market, if any.</li> <li>5. In the absence of comparable data and published market rate, Cost Plus Method ('CPM') is considered the most appropriate method for determination of price of the transaction.</li> <li>6. Accordingly, the gross margin earned by MSL from sale of required goods to RPs should be commensurate with the gross margin earned by similar companies to substantiate if the transaction is at arm's length.</li> <li>7. Based on a benchmarking analysis, the arm's length margin obtained for similar transactions is in the range of 3.62% to 6.51% on cost.</li> <li>8. The above margins have been benchmarked using companies engaged in similar business.</li> </ol>
15.	Documentation	<ol style="list-style-type: none"> <li>1. Copy of purchase orders raised by RPs for transaction of purchase of goods.</li> <li>2. Copy of invoices raised by MSL for sale of goods.</li> <li>3. <u>In case internal comparable is available:</u> <ol style="list-style-type: none"> <li>a. Internal comparable from the perspective of MSL or the RPs buyers in terms of the sales price.</li> <li>b. Last sale price, if any, and comparison of the current price to the same.</li> </ol> </li> <li>4. <u>In absence of internal comparable:</u></li> </ol>

SN	Item	Particulars
		<ul style="list-style-type: none"> <li>a. Market published price of similar goods, if any.</li> <li>5. <u>In case of TNMM:</u> <ul style="list-style-type: none"> <li>a. Gross margins earned by MSL from the said transaction of sale of goods.</li> <li>b. Benchmarking study to arrive at the arm's length margins.</li> </ul> </li> </ul>
16.	Statutes covered	<ul style="list-style-type: none"> <li>1. The Companies Act, 2013</li> <li>2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</li> </ul>

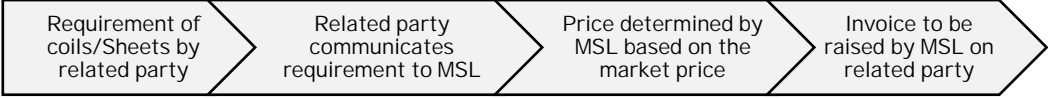
## Policy Note on transaction of Sale of Cold Rolled Steel Coils/Sheets, Galvanized Steel Coils/Sheets & Color Coated AluZinc Materials

Related party involved:

- Manaksia Limited
- Manaksia Ferro Industries Limited

Period covered: Financial year ended 31 March 2027

SN	Item	Particulars
1.	Nature of transaction	Sale of BP Sheets/GC/GP Sheets/CR TQ Sheets/HR PO Sheets & Color Coated AluZinc Coils/Sheets, etc. to Manaksia Limited ("ML") by Manaksia Steels Limited ("MSL") and Manaksia Ferro Industries Limited
2.	Name of Related party	Manaksia Limited Manaksia Ferro Industries Limited
3.	Nature of relationship	Entity over which key managerial personnel and their relatives have significant influence
4.	Proposed transaction value for FY 26-27	INR 150 crores
5.	% of MSL's annual consolidated turnover	23.65%
6.	Duration of transaction	During the FY 2026-27
7.	Description of transaction	<ol style="list-style-type: none"> <li>MSL is engaged in the business of manufacturing and sale of steel &amp; related products.</li> <li>Related party requires goods such as Cold Rolled Steel Coils/Sheets and Galvanized Steel Coils/Sheets etc for the purpose of its business operations.</li> <li>MSL sells Cold Rolled Steel Coils/Sheets, Black Plated Sheets and Galvanized Steel Coils/Sheets etc. to its Group Companies and to third party distributors.</li> <li>Accordingly, based on availability of stock and price agreed, purchase order is raised by related party on MSL with specifications of the goods required.</li> <li>The purchase order shall have the following information: <ul style="list-style-type: none"> <li>Ordered quantity</li> <li>Price at which order is placed</li> <li>Payment terms</li> <li>Delivery terms</li> </ul> </li> </ol>
8.	User Department	Sales department
9.	Justification of entering the transaction	Product needed by related parties is available in-house with MSL of required quality and specification. Further, the price charged to related party is determined with reference to price prevailing in the market.
10.	Whether the transaction is in the ordinary course of business?	Based on the justification as presented above and as per representation by the management, the transaction is in the ordinary course of business.
11.	Whether the transaction is at arm's length?	Yes
12.	Is there adequate documentation available to	A reasonable level of documentation is available. A comprehensive list of documents required to be maintained is

SN	Item	Particulars
	substantiate arm's length?	provided in point 15 below.
13.	Flow diagram of transaction mechanism:	 <pre> graph LR     A[Requirement of coils/Sheets by related party] --&gt; B[Related party communicates requirement to MSL]     B --&gt; C[Price determined by MSL based on the market price]     C --&gt; D[Invoice to be raised by MSL on related party] </pre>
14.	Arm's length policy	<ol style="list-style-type: none"> <li>1. An analysis is required to be undertaken to identify any possible internal CUPs.</li> <li>2. In case of internal CUPs, the following factors needs to be considered: <ul style="list-style-type: none"> <li>• Similar products sold to the third party by MSL</li> <li>• Similar products purchased from third party by related party</li> </ul> </li> <li>3. Following parameters are required to be considered for the purpose of comparability: <ol style="list-style-type: none"> <li>a. Sale made to third party and a related party is in the same time period.</li> <li>b. Quantity sold to third party is similar to quantity sold to a related party.</li> <li>c. Specification of the product sold to a third party is the same as the product sold to a related party.</li> </ol> </li> <li>4. In the absence of internal comparable, the price charged to a related party will be compared with externally published rate available in the market, if any.</li> <li>5. In the absence of comparable data and published market rate, Transactional Net Margin Method ('TNMM') is considered the most appropriate method for determination of price of the transaction.</li> <li>6. Accordingly, the margin earned by MSL from sale of required goods to related party should be commensurate with the margin earned by similar companies to substantiate if the transaction is at arm's length.</li> <li>7. Based on a benchmarking analysis, the arm's length margin obtained for similar transactions is in the range of 1.93% to 6.51%.</li> <li>8. The above margins have been benchmarked using companies engaged in similar business.</li> </ol>
15.	Documentation	<ol style="list-style-type: none"> <li>1. Copy of purchase orders raised by related party for transaction of purchase of goods.</li> <li>2. Copy of invoices raised by MSL for sale of goods.</li> <li>3. <u>In case internal comparable is available:</u> <ol style="list-style-type: none"> <li>a. Internal comparable from the perspective of MSL or the related party buyers in terms of the sales price.</li> <li>b. Last sale price, if any, and comparison of the current price to the same.</li> </ol> </li> <li>4. <u>In absence of internal comparable:</u> <ol style="list-style-type: none"> <li>a. Market published price of similar goods, if any.</li> </ol> </li> <li>5. <u>In case of TNMM:</u></li> </ol>

SN	Item	Particulars
		<ul style="list-style-type: none"> <li>a. Margins earned by MSL from the said transaction of sale of goods.</li> <li>6. Benchmarking study to arrive at the arm's length margins.</li> </ul>
16.	Statutes covered	<ul style="list-style-type: none"> <li>1. The Companies Act, 2013</li> <li>2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</li> </ul>


Policy Note on transaction of purchase of raw materials, services, Spare Parts and Machinery & Equipment etc. from related parties

Related parties involved:

- Leadstone Energy Pvt. Ltd.
- Vajra Machineries Private Limited
- Bankura Machinery Private Limited

Period covered: Financial year ended 31 March 2027

SN	Item	Particulars
1.	Nature of transaction	Purchase of raw materials, services, Spare Parts and Machinery & Equipment etc. from related parties.
2.	Name of Related party	<ul style="list-style-type: none"> <li>• Leadstone Energy Pvt. Ltd.</li> <li>• Vajra Machineries Private Limited</li> <li>• Bankura Machinery Private Limited</li> </ul> collectively referred as Related Parties (RPs)
3.	Nature of relationship	Entity over which key managerial personnel and their relatives have significant influence
4.	Proposed transaction value for FY 26-27	INR 56 Crores
5.	% of MSL's annual consolidated turnover	8.83%
6.	Duration of transaction	During the FY 2026-27
7.	Description of transaction	<ol style="list-style-type: none"> <li>1. MSL is engaged in the business of manufacturing and sale of steel &amp; related products.</li> <li>2. MSL requires certain raw materials such as lead and other miscellaneous services for the purpose of its business operations.</li> <li>3. RPs has excess stock of raw material available and has expertise for the services required by MSL.</li> <li>4. Accordingly, based on availability of stock and price agreed, purchase order is raised by MSL on RPs with specifications of the goods /services required.</li> <li>5. The purchase order shall have the following information: <ul style="list-style-type: none"> <li>• Ordered quantity</li> <li>• Price at which order is placed</li> <li>• Payment terms</li> <li>• Delivery terms</li> </ul> </li> </ol>
8.	User Department	Manufacturing department
9.	Justification of entering the transaction	Product / services needed by MSL is available in-house of required quality and specification with RPs. Further, the price charged by RPs is determined with reference to price prevailing in the market.
10.	Whether the transaction is in the ordinary course of business?	Based on the justification as presented above and as per representation by the management, the transaction is in the ordinary course of business.
11.	Whether the transaction is at arm's length?	Yes
12.	Is there adequate documentation available to substantiate arm's length?	A reasonable level of documentation is available. A comprehensive list of documents required to be maintained is provided in point 15 below.

SN	Item	Particulars
13.	Flow diagram of transaction mechanism:	 <pre> graph LR     A[Requirement of raw materials/services by MSL] --&gt; B[MSL communicates requirement to RPs]     B --&gt; C[Price determined by RPs is based on the market price]     C --&gt; D[Invoice to be raised by RPs on MSL] </pre>
14.	Arm's length policy	<ol style="list-style-type: none"> <li>1. An analysis is required to be undertaken to identify any possible internal CUPs.</li> <li>2. In case of internal CUPs, the following factors needs to be considered: <ul style="list-style-type: none"> <li>• Similar products / services sold to the third party by RPs</li> <li>• Similar products purchased from third party by MSL</li> </ul> </li> <li>3. Following parameters are required to be considered for the purpose of comparability: <ol style="list-style-type: none"> <li>a. Sale made to third party and MSL is in the same time period.</li> <li>b. Quantity sold to third party is similar to quantity sold to MSL.</li> <li>c. Specification of the product sold / services rendered to MSL is the same as the product sold / service rendered to third party.</li> </ol> </li> <li>4. In the absence of internal comparable, the price charged to MSL will be compared with externally published rate available in the market, if any.</li> <li>5. In the absence of comparable data and published market rate, Transactional Net Margin Method ('TNMM') is considered the most appropriate method for determination of price of the transaction.</li> <li>6. As per the management of MSL, the above transaction of purchase of raw material, receipt of services is so closely linked or continuous that they cannot be evaluated adequately on an individual basis. These transactions form an integral part of the principal activity of MSL of manufacture of steel products. Hence, such transactions have been evaluated on an aggregate basis.</li> <li>7. Accordingly, the margin earned by MSL from its manufacturing segment should be commensurate with the margin earned by similar companies to substantiate if the underlying transactions are at arm's length.</li> <li>8. Based on a benchmarking analysis, the arm's length margin obtained for similar transactions is in the range of 1.93% to 6.51%.</li> <li>9. The above margins have been benchmarked using companies engaged in similar business.</li> </ol>
15.	Documentation	<ol style="list-style-type: none"> <li>1. Copy of purchase/service orders raised by MSL for transaction of purchase of goods/services.</li> <li>2. Copy of invoices raised by related party on MSL.</li> <li>3. <u>In case internal comparable is available:</u> <ol style="list-style-type: none"> <li>a. Internal comparable from the perspective of MSL or the RPs in terms of the sales price.</li> <li>b. Last sale price, if any, and comparison of the current</li> </ol> </li> </ol>

SN	Item	Particulars
		<p>price to the same.</p> <p>4. <u>In absence of internal comparable:</u></p> <p>a. Market published price of similar goods/services, if any.</p> <p>5. <u>In case of TNMM:</u></p> <p>a. Margins earned by MSL from the transaction of manufacturing of steel products.</p> <p>b. Benchmarking study to arrive at the arm's length margins.</p>
16.	Statutes covered	<p>1. The Companies Act, 2013</p> <p>2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</p>

Policy Note on rental income received from  
Bankura Machinery Private Limited

SN	Item	Particulars
1.	Nature of transaction	Receipt of Rental Income by MSL from Bankura Machinery Private Limited
2.	Name of Related party	Bankura Machinery Private Limited (BMPL)
3.	Nature of relationship	Entity over which key managerial personnel and their relatives have significant influence
4.	Proposed transaction value for FY 26-27	INR 12.43 Lakhs
5.	% of MSL's annual consolidated turnover	1.96%
6.	Duration of transaction	The transaction is on need basis.
7.	Description of transaction	<ol style="list-style-type: none"> <li>1. MSL has a factory shed with the right to use, which may be used by its group companies.</li> <li>2. RP may need such factory shed for its use.</li> <li>3. RP shall communicate the requirement of the space as needed.</li> <li>4. MSL shall provide the premises as per availability and shall raise the invoice on RP for the services rendered.</li> <li>5. Invoice is raised base on the following: <ul style="list-style-type: none"> <li>• Total space occupied by RP</li> <li>• Per sq. ft. rate as determined in the agreement.</li> </ul> </li> </ol>
8.	User Department	Relevant department
9.	Justification of entering the transaction	MSL have premises available which is required by RPs is most commercially and synergistically appropriate for RP's need. Further, payment made as per arm's length rate.
10.	Whether the transaction is in the ordinary course of business?	Based on the justification as presented above and as per representation by the management, the transaction is in the ordinary course of business.
11.	Whether the transaction is at arm's length?	Yes
12.	Is there adequate documentation available to substantiate arm's length?	A reasonable level of documentation is available. Comprehensive list of documents required to be maintained is provided in point 15 below.
13.	Flow diagram of transaction mechanism:	<pre> graph LR     A[MSL own/lease factory shed, etc.] --&gt; B[RP requires such factory shed for its business purpose]     B --&gt; C[MSL provide such premise to RP on rent]     C --&gt; D[MSL to charge rent as per the market rate] </pre>

SN	Item	Particulars
14.	Arm's length policy	<ol style="list-style-type: none"> <li>1. For determination of arm's length price, the first analysis is to look for internal comparable.</li> <li>2. In the instant case, MSL owns the premises and leases a portion of it to RP.</li> <li>3. Rent charged by MSL from RP is based on the following: <ul style="list-style-type: none"> <li>• External valuation study performed by an expert, or</li> <li>• Market rate prevailing in the same area.</li> </ul> </li> <li>4. For charges incurred by MSL on behalf of RP, if any, MSL may recover the same from RP based on actuals (without any mark-up).</li> </ol>
15.	Documentation	<ol style="list-style-type: none"> <li>1. Rent agreement between RP and MSL.</li> <li>2. Invoice raised by MSL on RP for the rent of the premise.</li> <li>3. Valuation report of the said premise prepared by an external valuer, if rent is based on a valuation report.</li> <li>4. In case rent is determined based on prevailing market rate, back-up for the same.</li> <li>5. Back-up documents for charges recovered by MSL from RP at actuals, if any.</li> </ol>
16.	Statutes covered	<ol style="list-style-type: none"> <li>1. The Companies Act, 2013</li> <li>2. SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015</li> </ol>