

**POLICY FOR DETERMINING MATERIALITY AND DEALING WITH RELATED
PARTY TRANSACTIONS**

[Pursuant to Companies Act 2013 & SEBI (LODR) Regulations 2015]

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1. PREFACE:

Sahyadri Industries Limited recognizes that certain legal relationships exist and there may be occasions to deal with one or more of them in the day to day business of the Company. Such dealings may be termed as Related Party Transactions within the ambit of law and may have the potential to give rise to conflict of interest on account of existing relationships.

The Company has to ensure that the related party transactions are approved and disclosed in accordance with the prevailing applicable legal procedures and requirements governing affairs of the Company.

This Policy aims at laying down the procedures under which related party transactions must be reviewed, approved or ratified and would be disclosed according to the applicable rules.

2. APPLICABILITY:

This Policy shall be applicable to the Company for regulating the transactions with related parties as per applicable laws.

3. DEFINITIONS:

- a) “**Act**” means the Companies Act, 2013 and the Rules framed there under as applicable from time to time.
- b) “**Arm’s Length Basis**” means a transaction between two related parties that is conducted as if they were unrelated.
- c) “**Associate Company**” means a company in which the Company has a significant influence by means of control of at least twenty percent of total share capital or business decisions under an agreement of that other company but which is not a subsidiary of the Company and includes a joint venture company.
- d) “**Audit Committee**” means audit committee of the Board of Directors of the Company.
- e) “**Board of Directors**” means Board of Directors of the Company.
- f) “**Key Management Personnel**” or “**KMP**” means Key Management Personnel of the Company as defined in the Act.
- g) “**Material Related Party transaction**” means a transaction to be entered into individually or taken together with previous transactions during a financial year exceeds

ten percent of the annual consolidated turnover of the Company or its net worth (as the case may be) as per the last audited financial statements of the Company.

- h) “**Related Party**” means a person or an entity which is a related party as defined in section 2(76) of the Companies Act 2013 and as per regulation 2(zb) of the SEBI (LODR) Regulation 2015 and related party as per Accounting Standard 18, considered together and as amended from time to time.
- i) “**Relative**” means a relative as defined in section 2(77) of the Act.

4. IDENTIFICATION OF RELATED PARTIES:

- a) Every Director/KMP’s shall disclose to the Board of Directors his concern or interest in any company, body corporate, firm, other association of individuals as per the provisions of section 184 of the Act.
- b) Every Director shall also disclose the names of his relatives to the Company according to the relations as defined under section 2(77) of the Act.
- c) The Secretarial department shall identify all Related Parties for the Company on the basis of disclosures received from the Directors/KMPs, investment structures and other supporting documents/ information or as and when information of addition or deletion of a party is brought to its notice. At any rate, the related party list shall be updated on a quarterly basis.
- d) The Directors and KMPs are mandated to promptly communicate to the Secretarial team of any changes in the initial disclosure submitted by them. The Secretarial department shall update the Reference List on the basis of the intimations received from the Directors/ KMPs or changes in corporate or investment structure as informed from time to time.
- e) On the basis of such disclosures the Company shall identify related parties. Every Director shall disclose a change in relationships within 15 days of such change.

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

- a) Company Secretary (CS) shall at all times maintain record of Company’s Related Parties containing the names of individuals and companies, along with their personal/company details including any revisions therein.
- b) The list of Related Parties shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- c) CS shall collate the information, co-ordinate and send the list of Related Parties to the concerned employees which may include CMD, CEO, Departmental Heads, the Finance & Accounts Department and who he believes might be in the position to conduct or know the possible conduct of Related Party Transactions.
- d) CS shall keep the statutory auditors informed by bringing in the aforesaid records to their attention about the related parties.

- e) Functional departmental head (“**Requisitionist**”) shall submit to the CFO as well as the Company Secretary the details of the proposed transaction with a related party along with details/draft contract/ draft agreement or other supporting documents justifying that the transaction is at an arms’ length basis in the ordinary course of business and at prevailing market rate.

6. APPROVAL OF RELATED PARTY TRANSACTIONS:

- a) Based on the note and supporting papers submitted by the Requisitionist, Company Secretary will take up the potential related party transaction for prior approval to the Audit Committee at its next meeting. The Audit Committee may ask for any further information as it may deem fit relating to the desired transaction which shall be provided by the Requisitionist. The CS or CFO shall convey the decision of the Audit Committee to the Requisitionist.
- b) For the purpose of arriving at the decision, the Audit Committee must receive timely, full and sufficient information about the Related Party transaction.
- c) The Audit Committee, if satisfied that the said transaction is in the interest of the Company and stakeholders, shall in-principle approve the related party transaction and recommend to the Board for final approval.
- d) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature. The Audit Committee shall grant omnibus approval for Related Party Transaction which cannot be foreseen and aforesaid details are not available subject to their value not exceeding Rs.1 crore per transaction
- e) All Material Related Party transactions shall require prior approval of the Shareholders through special resolution
- f) All the other related party transactions which are not material in nature however which are not in the ordinary course of business or at arm’s length basis shall also require approval of the shareholder in the manner mandated by the Act.
- g) 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.
- h) The related party which is interested in a Related Party transaction shall abstain himself or herself from voting on relevant resolution at the Audit Committee meeting, Board Meeting and Shareholders Meeting

-----*End of the Policy*-----