

Regulation 46 - sub-regulation (2) (g) - WEB LINK TO BE GIVEN
Related party transaction policy

SAYAJI INDUSTRIES LIMITED

RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

This policy regarding the review and approval of related party transactions has been adopted by the Company's audit committee and board of directors in order to set forth the procedures under which transactions with related parties (as defined below) must be approved.

2. DEFINITIONS

For the purposes of this policy, the following definitions apply :

- a) **Board** means the Board of Directors of Sayaji Industries Limited.
- b) **Company** means Sayaji Industries Limited.
- c) **Material Related Party Transactions** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds 10% of the annual consolidated turnover of the company** as per the last audited financial statements of the company.
- d) **Policy** means this policy on related party transactions.
- e) **Related party** means following :

an entity shall be considered to be related to the company if :

(i) such entity is related party under Section 2(76) of the Companies Act, 2013
or

(ii) such entity is a related party under the applicable accounting standards.

- f) **Relative** means

A. With reference to any person, anyone who is related to another, if :

- i) They are member of HUF
- ii) They are husband and wife ; or

B. A person shall be deemed to be the relative of another, if or she is related to another in the following manner, namely :-

- (i) Father including Step Father
- (ii) Mother including Step Mother
- (iii) Son including Step Son
- (iv) Son's wife
- (v) Daughter
- (vi) Daughter's husband
- (vii) Brother including Step Brother
- (viii) Sister including Step Sister

- g) **Related Party Transaction** means a transaction as envisaged as a related party transaction under the Companies Act, 2013 or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- h) **Arms 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.

3. PROCESS, PROCEDURE AND REVIEW FOR DEALING WITH RELATED PARTY TRANSACTIONS

- I. Prior approval of audit committee is required to be taken for entering into transactions with a related party. The audit committee may grant omnibus approval for related party transactions, proposed to be entered into by the company subject to the conditions as prescribed in Clause 49 of the listing agreement (as amended from time to time).
- II. Prior approval of the Board of Directors and shareholders is required to be taken before entering into related party transactions **which are not in the ordinary course of business and not on an arms length basis are beyond such limits** as specified under Companies Act 2013 and rules thereto.
- III. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussion on the subject matter of the resolution relating to such contract or arrangement.
- IV. Prior approval of shareholders is required to be taken before entering into material related party transactions irrespective whether the transaction is in the ordinary course of business or not and related parties shall abstain from voting on such resolution as per listing agreement.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

The potential related party transaction shall be any contract or arrangement entered by the company with related party such as :

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of or buying property of any kind;

- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property
- vi. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and
- vii. Underwriting the subscription of any securities or derivatives thereof, of the company

Any other Transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether the price is charged.

The following process shall be followed for related party transactions along with necessary approval as and when required under the Companies Act 2013 and SEBI (LODR Regulations) (amended from time to time) :

(A) Purchase of products and services from the related parties (other than subsidiaries/ joint ventures)

In the case of transactions which are undertaken on the basis of contractual arrangements or are urgently required for purposes of the operations, the audit committee will provide approval to enter into such transactions on the basis stated below :

(i) The company will take multiple course from the vendors including the related parties

(ii) In the usual course, the transaction may be entered into with the related parties if the quote of the related parties is the least and all other terms and conditions for obtaining the goods or the services are at least as favourable as those offered by any other prospective suppliers.

(iii) If the quality or delivery schedule or any other terms that is pre-requisite for the company and only the related party is able to offer this, the contract may be awarded to the related party even though the price quoted may not be the lowest.

(iv) In case there is no quote received other than that of the related parties, the management will indicate this to the audit committee and will seek approval on this basis. The company will provide a periodic update to the audit committee for all such transactions.

(B) Sale of products and services (other than subsidiaries /joint ventures)

Audit committee may give omnibus approval subject to such conditions as mentioned under the prevailing laws and the same will be valid for one year and shall require fresh approval from audit committee after the expiry of one year.

(C) Taking facilities on lease and/or renting out facilities on lease and taking/ landing administrative support services for these facilities

Specific approval of the audit committee shall be taken for entering into leasing transactions with related parties.

(D) Transactions with subsidiaries/ joint ventures

The company will provide the basis for entering into transactions with the subsidiaries/ joint ventures on arms length basis. The audit committee will consider the principle/ basis for the arms length price and will provide its approval for entering into the transactions with the subsidiaries/ joint ventures on that principle for all the transactions in the ordinary course of business.

5. DISCLOSURE

The particulars of contract or arrangement with the related parties referred in section 188 (1) of the Companies Act, 2013 should be disclosed in the directors' report for the financial year commencing on or after April 1, 2014 in form AOC-2 enclosed as Annexure-1.

All material related party transactions that are entered into be disclosed quarterly along with compliance report on corporate governance pursuant to the requirement of SEBI (LODR) Regulations, 2015.

The company shall disclose the policy on dealing with related party transactions on its web-site and a web-link thereto shall be provided in the annual report.

6. AMENDMENT

The company reserves the right to amend or modify this policy in whole or in part at any point of time.

Note :

The provisions of Companies Act, 2013 and rules thereto and the listing agreement (including any amendment thereto from time to time) to the extent applicable, shall be applied in addition to this policy.