

SAH POLYMERS LIMITED
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POLICY FOR RELATED PARTY TRANSACTION

A. PREAMBLE

SAH POLYMERS LIMITED (“**Company**”) is dedicated to the highest standard of ethics and integrity and has successfully applied these standards to the business. The Company may, in the ordinary course of business, enter into transactions with a Related Party or parties.

The Board of Directors (“**Board**”) of the Company, has adopted the following policy and procedures with regard to Related Party Transactions (“**RPT**”) as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made there under and any subsequent amendments thereto (“**Companies Act**”), read along with Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) in order to ensure the transparency and procedural fairness of such transactions.

B. OBJECTIVE

Section 188 of the Companies Act read along with the Companies (Meetings of Board and its Powers) Rules, 2014 provides the detailed mechanism for dealing with the RPTs of a company by the Audit Committee of the Board (“**Audit Committee**”) including all the approvals required to be **passed** by the Board and the shareholders’ in different circumstances. The objective of this Policy is to ensure proper approvals and reporting of transactions between the Company and its related parties in compliance of provisions of the Companies Act, the Listing Regulations and all other applicable statutory provisions for the time being in force, in this regard.

This policy is designed to govern the transparency of the approval process and disclosure requirements to ensure fairness in the conduct of related party transactions. The Board may amend this **policy** from time to time as may be required.

Any exceptions to the policy on RPTs must be consistent with the Companies Act, including the rules there under and must be approved in the manner as may be decided by the Board.

C. TRANSACTIONS COVERED UNDER THIS POLICY

Transactions covered under this policy include any contract or arrangement with a related party.

D. DEFINITIONS

1. “**Arm's Length transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest, as defined in explanation (b) to Section 188 (1) of the Companies Act.
2. “**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and Companies Act, from time to time.
3. “**Board**” means the Board of Directors of the Company as defined under section -2(10) of companies act, 2013.



4. **“Material related party transactions”** means those transactions entered into with the Company by a related party, which when individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements.

5. **“Related Party”** shall have the same meaning as defined under section- 2 (76) of the Companies Act, 2013 or related party under applicable accounting standards and as defined under listing Regulation..
6. **“Related Party Transactions”** means transactions/ contracts/ arrangement between the Company and its subsidiaries/ related parties which fall under one or more of the following headings:

Related Party Transaction under Section 188 of the Companies Act:

- (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) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

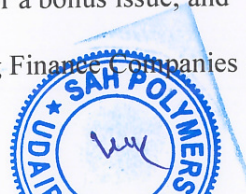
Further, as per Listing Regulations, “Related Party Transaction” means:

A transaction involving a transfer of resources, services or obligations between:

- (i) A listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) A listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- c. acceptance of fixed deposits by banks/Non-Banking Financial Companies at the terms uniformly



applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

7. “**Relatives**”, as stated in Section 2(77) of the Companies Act, with reference to any person, means anyone who is related to another, if –

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other in the following manner, namely:
 - (a) Father including step father;
 - (b) Mother including step mother;
 - (c) Son including step son;
 - (d) Son’s Wife
 - (e) Daughter
 - (f) Daughter’s Husband;
 - (g) Brother including step brother; and
 - (h) Sister including step sister

E. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS .

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals from the following:

1. Audit Committee:

- All Related Party Transactions, whether entered on arm's length basis or not, shall require prior approval of the Audit committee either by circulation or at a meeting. The Audit Committee will review and, if appropriate, grant approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions & provisions laid down in the meeting.
- No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee.
- At the meeting of the Audit Committee in every financial year, management of the company shall present to the committee the following information with respect to all Related Party Transactions expected to be entered into during that financial year:
 - a. the name of the Related Party;
 - b. the Related Party’s interest in the transactions, including the Related Party’s position or relationship with, or ownership of, any entity that has an interest in the transactions;
 - c. the estimated value of the transactions;
 - d. the period of transactions;
 - e. the brief particulars of the transactions, including material terms and conditions;
 - f. in case of loans, the aggregate amount of loans and the rate of interest payable on such loans;
 - g. in case of guarantees issued, the aggregate amount of guarantees and any other payment to be payable on such guarantees;



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h. any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

• The Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company and shall, subject to the following conditions, namely:

- (i) The Audit Committee lay down the criteria while granting omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (ii) The Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.

With the approval of the board, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company & consider the following criteria while granting omnibus approval, viz.:-

- (a) Repetitiveness of the transactions (in past or in future)
 - (b) Justification for the need of omnibus approval.
 - (c) The maximum value of the transactions with a related party, in aggregate, which can be allowed in a year will be the same as per the materiality threshold defined for the Company.
 - (d) While assessing a proposal put up before the Audit Committee for approval, the Audit Committee may review documents / seek relevant information pertaining to the proposed transaction from the management.
- (iii) Such omnibus approval shall specify:-
- (a) the name(s) of the Related Parties, nature of transaction, period of transaction, maximum amount of transactions that can be entered into in a year and maximum value per transaction which is allowed;
 - (b) the indicative base price/current contracted price and the formula for variation in the price if any; and
 - (c) such other conditions as the Audit Committee may deem fit.

However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.

- (iv) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- (v) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

No member of the Audit Committee shall participate in the review, consideration, or approval of any Related-Party Transaction with respect to which such member or any of his or her relatives is a Related Party.

All the directors are required to declare and disclose their concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change therein.

Details to be provided to the Audit Committee –

With respect to Related Party Transactions or for any subsequent material modification requiring



approval of the Audit Committee, the following information, to the extent relevant, shall be presented to the Audit Committee:

A general description of the transaction(s), including the material terms and conditions, nature, duration and particulars of the contract/ transaction.

- a) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- b) Tenure of the proposed transaction (particular tenure shall be specified);
- c) Value of the proposed transaction;
- d) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- e) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- f) Justification as to why the RPT is in the interest of the listed entity;
- g) A copy of the valuation or other external party report, if any such report has been relied upon;
- h) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- i) Any other information that may be relevant

2. Board of Directors Approval :

All Related Party Transactions, which are proposed to be entered by the Company-

- (a) other than in Ordinary Course of Business; and/or
- (b) other than transactions on Arm's Length Basis, shall require prior approval of the Board of Directors of the Company, by means of passing of resolution at a meeting of the Board; and
- (c) Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the resolution relating to such transaction.
- (d) The Chairman of Board shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business and not on Arm's Length Basis and assure themselves that the same are in the interest of the Company and its shareholders.



3. Shareholders' approval:

In terms of Regulation 23 of the Listing Regulations, all material related party transactions, whether in ordinary course of business and/ or arm's length, or otherwise, or where there is Material modification, a prior approval of the shareholders shall be obtained. Material related party transactions shall be recommended by the Audit Committee / Board of Directors to the shareholders for their approval by way of a resolution.

Individual transactions with Related Parties, which are not in Ordinary Course of Business and not on an Arm's Length Basis, shall be accompanied with management's justification for the same. Before approving such transactions, the Audit Committee/Board will look into the interest of the Company and its shareholders in carrying out the Related Party Transactions and alternative options, if any, available. The Audit Committee/Board may accordingly approve or modify such transactions, in accordance with this policy and/ or recommend the same to the Shareholders for approval.

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.

Material Related Party Transactions that require prior approval of Shareholders as per Companies Act, 2013:

1. Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company;
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company;
3. Leasing of property any kind amounting to 10% or more of turnover of the Company ;
4. Availing or rendering of any services, directly or through appointment of agent, amounting 10% or more of the turnover of the Company and
It is clarified that the limits specified above, shall apply for transactions to be enter either individually or taken together with the previous transactions during s financial year.
5. Transaction is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding ₹2,50,000 (Two Lakh Fifty Thousand).
6. Transaction is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth.

Material Related Party Transactions that require prior approval of Shareholders as per Listing Regulations:

1. All transactions, transfer of resources, obligations during a financials year with one party exceeding INR 1,000 crores or 10% of the annual consolidated turnover, whichever is lower
2. Payments with respect to brand usage or royalty - All transactions with one party exceeding 5% of the annual consolidated turnover.

Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the Audit Committee as specified in Clause F(1) above;
- b. Justification for why the proposed transaction is in the interest of the listed entity.



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- c. Where the transaction relates to any loans, inter-corporate deposits, advances or
 - d. Investments made or given by the listed entity or its subsidiary, the details specified under Clause F(1) above;
 - e. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - f. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
 - g. Any other information that may be relevant.

F. DETERMINATION OF ARMS' LENGTH NATURE OF THE RELATED PARTY TRANSACTION

Arm's length means a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest. The onus to prove that the particular transaction is on arm's length basis is on the company.

G. TRANSACTIONS NOT REQUIRED APPROVAL UNDER THIS POLICY:

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this policy shall not apply to the following Related Party Transactions, which shall not require approval of Audit Committee or shareholders:

- (i) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (ii) Transactions entered into between the two wholly owned subsidiary of the listed holding entity, whose accounts are consolidated with the such holding listed entity and placed before the shareholders at the general meeting for approval.

H. RATIFICATION OF THE RELATED PARTY TRANSACTIONS:

Where any contract or arrangement, which is considered as a Related Party Transaction exclusively as per Companies Act, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board of the Company, or approval by the such transaction shall be reviewed by the Audit Committee / Board and shall decide to ratify/revise/terminate by the Audit Committee/Board, as the case may be, at a general meeting within three months from the date on which such contract or arrangement was entered into.

I. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders, at a meeting within three months from the date on which such contract or arrangement was entered into, the matter shall be reviewed by the Audit Committee, which may consider all of the relevant facts and circumstances regarding the Related Party Transactions and evaluate all the options available with the Company. Such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.

The Company may proceed against a Director or any other employee who has entered into such contract or



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arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

Audit Committee may also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and take any such action it deems appropriate.

J. RECORDS

The Company shall maintain adequate records, either physically or electronically, as required under applicable laws, giving separately the particulars of all contracts or arrangements to which this policy applies.

K. DISCLOSURES

The company is required to disclose this policy on its website: www.sahpolymers.com and web link of the policy shall be provided in the Company's Annual Report.

The Particulars of every contract or arrangement entered with Related Parties to which sub section (1) of Section 188 of the Companies Act is applicable shall be a part of the disclosure in Board's Report to the shareholders along with the justification for entering into such contract or arrangements.

Details of all material transactions with Related Parties are to be disclosed quarterly along with the compliance report on corporate governance with Stock Exchanges.

The Company shall disclose such details of Related Party Transaction as may be prescribed by the stock exchanges.

L. POLICY REVIEW

The Board of Directors of the Company, subject to applicable laws is entitled to amend, suspend, or rescind this Policy at any time. However, the Board of Directors shall review the policy at least once in every three years and update accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

In the event of any conflict between the provisions of this policy and of the provisions of the Companies Act and/or the Listing Regulations and any other applicable law dealing with related party transactions, such applicable law in force from time to time shall prevail over this policy.

