

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTION

1. PURPOSE OF THIS POLICY:

- A. Saboo Sodium Chloro Limited (“Saboo Sodium Chloro” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.
- B. Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“**Policy**”). This Policy regulates all transactions between the Company and its Related Parties (as defined below).
- C. The Audit Committee will review the Policy periodically and may amend the same from time to time and propose the same to the Board for approval.

2. DEFINITIONS

- a. “**Act**” shall mean the Companies Act, 2013 and includes any amendment thereof.
- b. “**Company**” means Saboo Sodium Chloro Limited
- c. **Related party** - “related party”, with reference to a company, means—
 - a director or his relative;
 - a key managerial personnel or his relative;
 - a firm, in which a director, manager or his relative is a partner;
 - a private company in which a director or manager is a member or director;
 - a public company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;
 - any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - any person on whose advice, directions or instructions a director or manager is accustomed to act:
 - Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- any company which is:
 - a holding, subsidiary or an associate company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary;
 - a director or key managerial personnel of the holding company or his relative
- d. Related party transaction** - a transfer of resources or obligations between related parties, regardless of whether or not a price is charged.
- e. Control –**
- a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or
 - b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
 - c) a substantial interest in voting power and the power to Related Party Disclosures direct, by statute or agreement, the financial and/or operating policies of the enterprise.
- f. Significant influence** - participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.
- g. An Associate** - an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party.
- h. A Joint venture** - a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.
- i. Joint control** - the contractually agreed sharing of power to govern the financial and operating policies of an economic activity so as to obtain benefits from it.
- j. Key management personnel** - those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting enterprise.
- k. Relative** – in relation to an individual, means the spouse, son, daughter, brother, sister, father and mother who may be expected to influence, or be influenced by, that individual in his/her dealings with the reporting enterprise.
- l. Holding company** - a company having one or more subsidiaries.
- m. Subsidiary** - a company:
- (a) in which another company (the holding company) holds, either by itself and/or

through one or more subsidiaries, more than one-half in nominal value of its equity share capital; or

(b) of which another company (the holding company) controls, either by itself and/or through one or more subsidiaries, the composition of its board of directors.

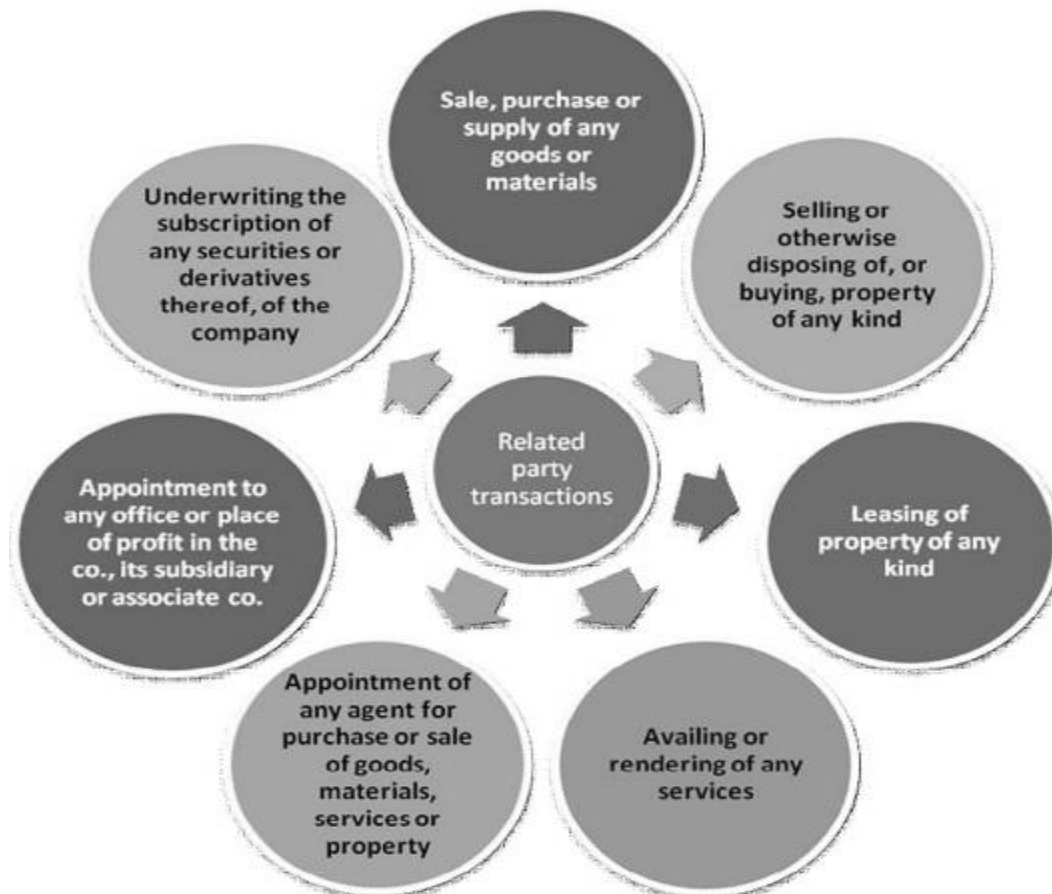
n. Fellow subsidiary - a company is considered to be a fellow subsidiary of another company if both are subsidiaries of the same holding company.

o. State-controlled enterprise - an enterprise which is under the control of the Central Government and/or any State Government(s).

3. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

➤ Identification of Related Party Transaction:

In accordance to Section 188(1) of the Company Act, 2013, following transactions shall be considered as Related Party Transactions if entered into between a and its Related Parties:



➤ Nature of Approval required for Related Party Transactions:

1. Audit Committee

All the transactions which are identified as related party transactions should be reviewed and approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

➤ Omnibus Approval

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- c) the omnibus approval shall specify:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - ii. the indicative base price / current contracted price and the formula for variation in the price if any; and
 - iii. such other conditions as the audit committee may deem fit.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions.

2. Board of Directors

- a) Every company needs to seek the approval of its Board of Directors for entering into any related party transaction, as listed above, irrespective of the capital of the company or the value of the transaction.
- b) Approval of the Board has to be sought at a duly convened meeting of the Board and same cannot be obtained by passing of a resolution by circulation.
- c) Where any director is interested in any contract or arrangement with a related party, such director shall participate in the Board Meeting in which the contract or arrangement is discussed. As per Rule 15 of the Companies (Meeting of Board and its powers) Rules, 2014, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

3. Shareholders

In the following circumstances, in addition to approval of Board of Directors, prior approval of members by means of a special resolution must also be sought before entering into any related party transaction:

Criteria	Final rules
Paid-up share capital threshold	₹10 crores or more
Transaction value threshold	
Sale, purchase or supply of any goods or materials (Directly or through agent)	More than 25% of annual turnover
Selling or otherwise disposing of, or buying, property of any kind (Directly or through agent)	More than 10% of net worth
Leasing of property of any kind	More than 10% of net worth or 10% of turnover
Availing or rendering of any services (Directly or through agent)	More than 10% of net worth
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Remuneration exceeds ₹250,000 per month
Underwriting the subscription of any securities of the company or derivatives thereof	Remuneration exceeds 1% of net worth

- ❖ The Turnover or Net Worth shall be on the basis of the Audited Financial Statement of the preceding financial year.
- ❖ No member of the company shall vote on such special resolution, to approve any

contract or arrangement which may be entered into by the company, if such member is a related party.

- ❖ In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

4. DISCLOSURE NORMS:

a. Disclosures to be made in notice of Board Meeting

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose:

- ✚ name of the related party and nature of relationship;
- ✚ nature, duration of the contract and particulars of the contract or arrangement;
- ✚ material terms of the contract or arrangement including the value, if any;
- ✚ any advance paid or received for the contract or arrangement, if any; and
- ✚ the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- ✚ whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- ✚ any other information relevant or important for the Board to take a decision on the proposed transaction.

b. Disclosure by interested directors

- ✚ Every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into
- ✚ with a body corporate in which such director or such director in association with any other director, holds more than 2% shareholding of that body corporate, or
- ✚ with a body corporate in which such director is a promoter, manager, Chief Executive Officer of that body corporate; or
- ✚ with a firm or other entity in which, such director is a partner, owner or member, as the case may be

shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed.

Where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

c. Disclosures to be made in the explanatory statement to be annexed to notice of general meeting:

- + name of the related party ;
- + name of the director or key managerial personnel who is related, if any;
- + nature of relationship;
- + nature, material terms, monetary value and particulars of the contract or arrangement;
- + any other information relevant or important for the members to take a decision on the proposed resolution.

d. Disclosures to be made in Board's Report:

Every related party transaction or contract shall be disclosed in the Board's report along with the justification for entering into such contract or arrangement.

e. Disclosures to be made in Register of contracts or arrangements in which directors are interested:

The company shall maintain one or more registers in Form MBP 4, and shall enter therein the particulars of contracts or arrangements with a related party with respect to transactions to which section 188 applies.

f. Disclosure on website and annual Report:

The company shall disclose this policy on Company's Website and annual report.

5. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.