



## Sagar Cements Limited

### Policy on Related Party Transactions

#### **1. Our Vision:**

Sagar Cements Limited (the Company) will conduct itself in a manner that would reflect its shared values and its commitment to carry the business in a right way. Accordingly, its policy on Material Related Party transactions has been framed to achieve highest standards in corporate ethics and transparency in its operations while discharging its responsibilities to all its stakeholders and to the society at large. The Company will remain committed to monitor and manage any potential conflicts of interest that may exist among the Board Members while discharging their functions as directors of the Company.

With a view to achieving the above vision, the Board of Directors (the “Board”) of the Company has adopted a Policy on Related Party Transactions (“the Policy”) , upon the recommendation of its Audit Committee and this Policy, inter-alia, fixes the materiality threshold and provides a framework for governance and reporting of Related Party Transactions including material transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and SEBI (Listing Obligations and Requirements) Regulations 2015 (LODR). Amendments, if any, from time to time, to this Policy, will be considered by the Board based on the recommendations of the Audit Committee and the applicable Regulatory requirements.

#### **2. Applicability:**

This Policy applies to all the transactions between the Company and one or more of its Related Parties.

#### **3. Conflict of Interest**

Directors, while discharging their functions, shall avoid any relationship or activity that might impair their ability to take a decision in an objective and fair manner. Whenever the directors find a decision to be taken by the Company being in conflict of interest with their own personal or family interests, the directors should advance the legitimate interest of the Company

#### **4. Definitions**

“Audit Committee or Committee” means the Audit Committee of the Board constituted from time to time under the provisions of LODR and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, subject to such limit as may be prescribed for the purpose from time to time either in the Companies Act, 2013 or in the LODR.

“Related Party” means a related party as defined in the Companies Act, 2013 read with LODR as amended from time to time.



“Related Party Transaction” means any transaction between the Company and one or more of its Related Parties for transfer of resources, services or obligations, regardless of whether a price is charged or not and includes –

- 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 the 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;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu undivided family;
- b. Husband and wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son's wife;
- g. Daughter;
- h. Daughter's husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

## **5. Policy**

The Audit Committee shall review and approve all Related Party Transactions based on this Policy. All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre -approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

### **5.1 Identification of Related Party Transactions**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:



1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than the advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on his / her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director or Key Managerial Personnel of the holding company or their Relatives; and
6. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with LODR or the relevant Accounting Standard, as the case may be.

Every Director, Key Managerial Personnel, Functional /Departmental head / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in Annexure 2 to this Policy.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

## **5.2 Review and Approval of Related Party Transaction**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee having has a potential interest in any Related Party Transaction will not remain present at the meeting or will abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.



### **5.2.1 Consideration by the Committee In Approving The Proposed Transactions**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or would present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee may deem relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as applicable at the time of entering into the transaction with the Related Party

### **5.2.2 Approval by Circular Resolution of The Committee**

In the event the Company Management determines that it is impractical or undesirable to wait for a meeting of the Committee to be convened to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

### **5.2.3 Approval by the Board**

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

### **5.2.4 Standing Pre-Approval / Omnibus Approval by the Committee**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting its approval, the Audit Committee shall satisfy itself of the need for such omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:



- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any .
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

#### **5.2.5 Shareholders' Approval of Material Related Party Transactions**

All material related party transactions and their approvals wherever required, shall be in compliance with the applicable provisions/regulations of the Companies Act 2013 and SEBI (Listing Obligations and Requirements) Regulations 2015 as may be amended from time to time.

### **5.3 Disclosure and Reporting of Related Party Transactions**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

## **6. Scope Limitation**

In the event of any conflict between the provisions of this Policy and of the LODR / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR / Companies Act, 2013 or any other statutory enactments, rules shall prevail over this Policy.

## **7. Dissemination Of Policy**

This Policy or the important provisions there of shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

**ANNEXURE 1**

## Notice of Interest by Director / Key Managerial Personnel

To,

The Company Secretary/Compliance Officer  
Sagar Cements Limited  
Plot No.111, Road No.10  
Jubilee Hills  
Hyderabad – 500033

Dear Sir,

I, ....., son/daughter/spouse of ....., resident of ....., holding ..... Shares (equity or preference) of Rs. each (..... percent of the paid-up Capital) in the Company in my name, being a ..... in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding %	Date on which Interest or Concern arose/changed

The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with my advice, directions or instructions;

Sr. No.	Name of the Body Corporate

I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the Body Corporate

Signature:

Name:

Designation:

Place:

Date:

**ANNEXURE 2****INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):**

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.