

SANEH INDUSTRIAL INVESTMENTS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Background:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI (LODR), Regulations) has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Accordingly, the Board of Directors (the “Board”) of Saneh Industrial Investments Limited (the “Company”) has adopted 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) and the procedure to be followed for approval/ratification of Related Party Transactions in compliance with applicable laws and regulations.

2. Term of Reference:

Materiality of Related Party Transactions

A contract / arrangements / transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements or such sum as may be prescribed under SEBI (LODR) Regulations.

Further, 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity..

3. Review and Approval of Related Party Transaction:

All related party transactions shall be entered on an arm’s length basis and shall be in compliance with the applicable provisions of the Companies Act, 2013, SEBI (LODR) Regulations and applicable accounting standards, as amended from time to time.

Approval of related party transactions

I. Audit Committee

- (i) All the transactions which are identified as related party transactions should be 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.

- (ii) Any member of the Committee who has a potential interest in any related party transaction will abstain himself from discussion and voting on the approval of the related party transaction. A related party transaction which is not in the ordinary course of business, or not at arm's length price, would require approval of the Board of Directors or of shareholders as per the provisions of the Companies Act, 2013 and SECI (LODR) Regulations.
- (iii) The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under SEBI (LODR) Regulations and the Companies Act, 2013 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- (iv) A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

II. Board of Directors

In case any related party transactions are referred to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will abstain himself from discussion and voting on the approval of the related party transaction.

III. Shareholders

If a related party transaction is (i) a material transaction as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by way of ordinary/special resolution. In such a case, any member of the Company who is a related party shall not vote on resolution passed for approving such related party transaction.

4. Disclosure:

Disclosure will be made in the Company's Annual Report of the particulars of the transactions/contract / arrangement along with the justification for entering into such transactions/contracts/arrangements with the Related Parties as a part of Board's Report.

5. Amendment:

In case of any subsequent changes in the provisions of the Companies Act 2013, SEBI (LODR) Regulations or any other regulations which makes any of the provisions in the Policy inconsistent

with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. 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.