

SANGAM (INDIA) LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “Board”) of SANGAM (INDIA) LIMITED (the “Company”) has adopted this Policy on materiality of and dealing with Related Party Transactions (the “Policy”) upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance of the provisions of Section 188 of the Companies Act, 2013 (“the Act”) and Clause 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“the Listing Regulation”) with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This revised policy has been amended with the approval of the Board of Directors on 09th August, 2018 and shall be effective from the same date.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. DEFINITIONS

“Act” means the Companies Act, 2013.

“Arm’s 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.

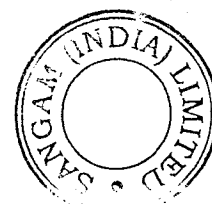
“Audit Committee” or “Committee” means the audit committee constituted by the Board of Directors of the Company in accordance with provisions of Listing Regulation and of the Act.

“Board” means the Board of Directors of Sangam (India) Limited.

“Company” means Sangam (India) Limited.

“Key Managerial Personnel” means key managerial personnel (“the KMP”) as defined under the Act and the Rules made thereunder.

“Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the consolidated turnover of the Company as per the last audited financial statements of the Company.



“Policy” means the policy on materiality of and dealing with Related Party Transactions, as amended from time to time.

“Related Party” means a related party as defined in Section 2(76) of the Act, or Rules made thereunder and Regulation 2(1)(zb) of the Listing Regulation, as amended from time to time.

“Related Party Transactions” means such transactions as specified under Section 188 of the Act or the Rules made thereunder and Regulation 2(1)(zc) of the Listing Regulation, including any amendment or modification thereof, as may be applicable.

“Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

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

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

3. MATERIALITY THRESHOLDS

Regulation 23 of the Listing Regulation requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the Listing Regulation.

4. IDENTIFICATION OF RELATED PARTIES AND TRANSACTIONS

Every Director and KMP are responsible for providing notice to the Board or the Audit Committee of the list of related parties as covered under section 2(76) of the Act as well under Indian Accounting Standard. This list of related parties shall be updated on an annual basis and further changes informed as soon as possible. The list of Related Parties shall be modified at the time of appointment to office of any person who may be considered to be a Related Party or a Related Party relationship coming into being; and the list of Related Parties shall be updated and provided to the Board / Audit Committee at the first meeting of the Board held in every financial year, subject to immediate intimation of any modification/variation to the list so provided to the company. Each Director as well as KMP shall inform in advance the Company of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably



request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

5. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

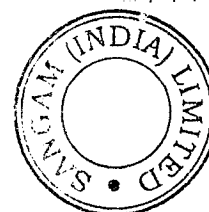
(A) Audit Committee

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 any other manner as provided by the Act or Rules made thereunder. However, the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company, subject to the following conditions:

- 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 Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company.
- c. Such omnibus approval shall specify:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - ii. the indicative base price/current contracted price and the formula for variation in the price if any (e.g. +/- 5%); and
 - iii. such other conditions as the Audit Committee may deem fit.
- d. 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.
- e. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- (i) Nature of the transaction i.e. details of goods or property to be acquired/transferred or services to be rendered/availed -including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- (ii) Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- (iii) Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- (iv) Special terms covered/ to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- (v) Benchmarking information that may have a bearing on the arm's length basis analysis, such as:



- a. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- b. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
- c. management assessment of pricing terms and business justification for the proposed transaction;
- d. comparative analysis, if any, of other such transaction entered into by the company.

(B) Board of Directors

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and on an arm's length basis, shall be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- i. Transactions which may be in the ordinary course of business and on an arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board's approval in addition to approval of the Audit Committee;
- ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or on an arm's length basis and decides to refer the same to the Board for approval;
- iii. Transactions which are in the ordinary course of business and on an arm's length basis, but which in Audit Committee's view requires Board approval.
- iv. Transactions meeting the materiality thresholds laid down in Clause 3 of the Policy, which are intended to be placed before the shareholders for approval.

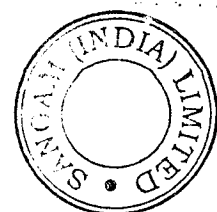
(C) Shareholders

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 3 of the Policy, shall be placed before the shareholders for approval.

For this purpose, 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.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and on an arm's length basis; and (b) exceed the thresholds laid down under the Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for their approval.

However, the requirement of shareholders' approval shall not be applicable for 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.

6. DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or on an arm's length basis along with the justification for entering into such transaction.

The detail of all material transactions with related parties shall be disclosed quarterly along with the Company's Compliance Report on corporate governance, in accordance with the listing Regulation.

The Company shall disclose this Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as it may deem appropriate, may direct additional actions including but not limited to discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. AMENDMENTS IN LAW

Any subsequent amendment(s)/modification in the Act, Listing Regulation and/or other applicable laws in this regard shall automatically apply to this policy.

