

The Board of Directors of Savera Industries Limited approved the following policy.

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS.

INTRODUCTION

This policy shall be called 'Related Party Transaction Policy on materiality and dealing with related party transactions and effective from 12th February, 2015 for Savera Industries Ltd.

OBJECTIVE

The changes introduced in the Corporate Governance norms and the Companies Act, 2013 require the companies to have enhanced transparency and due process for approval of the related party transactions. In this connection,,companies are required to formulate a policy on materiality of related party transactions and also on dealing with related party transactions as per clause 49 of the listing agreement.

DEFINITIONS

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 means the audit committee of the Board of Directors of M/s. Savera Industries Limited

Board means the Board of Directors of M/s. Savera Industries Limited

Company means M/s. Savera Industries Limited

Material related party transaction in relation to the company means a related party transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company

Policy means this policy, as amended from time to time.

Related party with reference to a Company means as laid down in section 2 (76) of the Companies Act, 2013, amendment thereto and clause 49 of the listing agreement.

Related party transaction means a transaction which is :

- a) A transfer of resources, services or obligations between the Company and a related party regardless of whether a price is charged;
- b) A contract or arrangement with a related party with respect to –
 - I. Sale, purchase or supply of any goods or materials ;
 - II. Selling or otherwise disposing of, or buying, property of any kind;
 - III. Leasing of property of any kind ;
 - IV. Availing or rendering of any services;
 - V. Appointment of any agent for purchase or sale of goods, materials, services, or property;
 - VI. Such related party's appointment to any office or place of profit in the company, its subsidiary company, or associate company, and
 - VII. Underwriting the subscription of any securities or derivatives thereof, of the company;
- c) defined as a 'related party transaction' under the relevant provisions of the Companies Act, 2013 or the Listing Agreement or any other related law, regulation, standard etc.

APPLICABILITY

This policy shall be applicable to all the related party transactions entered in to by the Company except the following :

- a) Loan / advance given to a related party
- b) Guarantee given or security provided in connection with a loan to a related party
- c) Investment(s) made in a related party.
- d) Transfer/assignment of obligation under an existing contract / arrangement with a related party to some other person or related party.
- e) Amendment of an existing contract/arrangement with a related party.

- f) Cancellation of an existing contract/arrangement with a related party.
- g) Transfer of resources assigned to one related party contract/arrangement to another related party contract/arrangement.

Provided that in case of (d), (e), (f) and (g) above, the transfer, amendment, cancellation, etc., does not result in to writing off of any amount paid by the Company or enhancement of amount payable by the company under the said contract/arrangement or reduction in the amount payable to the Company under the said contract/arrangement or waiver of any right with adverse financial implications for the company.

APPROVAL OF RELATED PARTY TRANSACTIONS

- a) All related party transactions shall require prior approval of the audit committee. 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.
 - 1. 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.
 - 2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company.
 - 3. 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 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, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
 - 4. The Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
 - 5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- b) All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

Provided that sub-clauses (a) and (b) shall not be applicable in the following cases.

- 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.

Explanation: 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.

c) In addition to (b) as above, under the Companies Act,2013 read with the rules framed thereunder, the following related party transactions as contracts or arrangements, shall require approval of the shareholders through special resolution.

- (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding 10% of the turnover of the company or rupees one hundred crore whichever is lower.
- (ii) Sale or otherwise disposal of or buying property of any kind, directly or through appointment of agent, exceeding 10% of net worth of the company or rupees one hundred crore whichever is lower.
- (iii) Leasing of property of any kind exceeding 10% of the net worth of the company or 10% of turnover of the company or rupees one hundred crore, whichever is lower.
- (iv) Availing or rendering of any services, directly or through appointment of agent, exceeding 10% of the turnover of the company or rupees fifty crore whichever is lower.

Explanation: It is hereby clarified that the limits specified in (c)(i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (v) Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees.
- (vi) Contract for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth.

Explanation: The turnover or net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.

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

It is clarified that the transactions arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act,1956/Companies Act,2013 will not attract requirements of Related Party Transactions under section 188 of the Companies Act, 2013.

DIRECTORS INTEREST

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.

AMENDMENTS

The Board of directors shall have the power to amend any of the provisions of this policy, or replace this policy with a new policy.

INTERPRETATION

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013, or rules made thereunder, SEBI Act or rules and regulations made thereunder, listing agreement, Accounting Standards or any other relevant legislation/law applicable to the Company.
- b) The reference to the male gender in the policy shall be deemed to include a reference to female gender.
- c) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the audit committee and the decision of this audit committee in such a case shall be final. In interpreting such term/provision, the audit committee may seek the help of any of the officers of the company or an outside expert as it deems fit.