

Savera Industries Limited
146, Dr. Radhakrishnan Road, Chennai – 600 004

Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
Amended 07th February 2022

1.INTRODUCTION

Savera Industries Limited ("**Company**") recognises that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the interests of the Company.

This Policy has been adopted by the Company's Board of Directors, as recommended by the Audit Committee, in order to determine materiality of Related Party Transactions, material modifications, and manner of dealing with Related Party Transaction including setting forth the procedures under which such transactions must be reviewed and approved or ratified as per the applicable provisions of Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

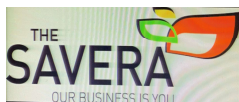
The Board of Directors of the Company will review and, if required, may amend this Policy from time to time and such amended Policy shall also be in conformity with the provisions of the Companies Act 2013, including the Rules made thereunder, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and must be approved in the manner as may be decided by the Board of Directors

2.OBJECTIVE

This Policy is framed as per requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions may be considered only if they are in the best interest of the Company and its shareholders.

3.DEFINITIONS

- a. "Audit Committee or Committee" means the Audit Committee as constituted by the Board of Directors of the Company from time to time;
- b. "Board" or "Board of Directors" means the Board of Directors of the Company, as constituted from time to time;
- c. "SEBI LODR Regulations" means SECURITIES AND EXCHANGE BOARD OF INDIA (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. "Companies Act" means the Companies Act, 2013 together with the rules and regulations formulated thereunder, as amended from time to time;
- e. "Director" means a member of the Board of Directors of the Company;



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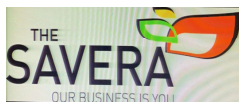
- f. "Key Managerial Personnel" or "KMP" means the managerial personnel as defined under Section 2(51) of the Companies Act;
- g. "Material Related Party Transaction" means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crores or ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company, whichever is lower;

Notwithstanding above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five per cent of the annual consolidated turnover as per the last Audited Financial Statements of the Company.

- h. "Policy" means this Related Party Transactions Policy;
- i. 'Promoter' and 'Promoter Group' shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any amendment thereof;
- j. "Related Party" means a related party as defined under Regulation 2(zb) of SEBI LODR Regulations, as amended from time to time;
- k. "Related Party Transaction" means a transaction as defined under Regulation 2(zc) of SEBI LODR Regulations, as amended from time to time;
- l. "Relative" means a relative as defined in Section 2(77) of the Companies Act, 2013;
- m. "SEBI LODR Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- n. "Subsidiary company" or "subsidiary" means a subsidiary as defined in section 2(87) of the Act.

4. RELATED PARTIES AND POTENTIAL RELATED PARTY TRANSACTIONS

Every director and Key Managerial Personnel, shall at the time of appointment, annually and whenever there is a change in the information already submitted, provide notice of the list of



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Related Parties as covered under section 2(76) of the Companies Act to the Board or the Audit Committee as well as the applicable Accounting Standards.

The list of Related Parties shall be prepared and finalised as per Regulation 2(zb) of SEBI LODR Regulations. The list of Related Parties shall be reviewed and updated on a regular basis (atleast once in a quarter) and changes, if any, shall be informed to Corporate Finance team of the Company, to ensure compliance of this Policy.

Each Director as well as KMP is responsible and shall inform in advance to the Company Secretary or Chief Financial Officer of 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, for being placed before the Audit Committee and the Board, as the case may be, under this Policy.

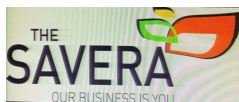
The potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a comprehensive proposal shall be submitted with details as per this Policy for requisite prior approval.

The Audit Committee/Board will determine whether the transaction does, in fact, constitute a Related Party Transaction and which require compliance under this Policy.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

i. Approval of Audit Committee

- a. Subject to the Omnibus approval under Regulation 23 of the SEBI LODR Regulations, all Related Party Transactions will be reported to the Audit Committee and all such transactions and subsequent material modifications as per criteria defined in this policy, shall require prior approval at the meeting of Audit Committee unless otherwise deemed to be approved under this policy.
- b. A related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year:
 - i. exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;



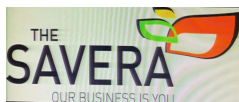
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- ii. exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (effective from April 1, 2023).
- c. Any member of the Committee having direct or indirect interest in any Related Party Transaction will not participate during the discussion and voting on the approval of the Related Party Transaction(s). Independent Directors who are members of the Audit Committee, shall only approve related party transactions.
- d. The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company, which are routine and repetitive in nature and incidental to the general operations of the Company, subject to such criteria/conditions as it may deem fit, after taking into account the justification for specific need of such omnibus approval. Such Omnibus approval shall be valid for a period not exceeding one year and shall specify the following:
 - i. The name(s) of the Related Party;
 - ii. The nature of the transaction, period of transaction, maximum amount of transaction that can be entered into &
 - iii. The indicative base price/current contract price and the formula for variation in the price, if any.
- e. The Audit Committee may specify any additional conditions for such determination, as it may deem fit.
- f. The Audit Committee may also grant omnibus approval, without the above details, for unforeseen transactions subject to their value not exceeding Rs.1 crore per transaction.
- g. Such omnibus approvals shall be valid for a maximum period of one year. The Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to such omnibus approvals, on a quarterly basis.
- h. In case the Audit Committee does not approve any transaction, then it shall make its recommendations to the Board.

ii. Approval of Board of Directors

- a. All Related Party Transactions which are not in ordinary course of business or not at per arm's length or both, and whose value does not exceed the threshold limits specified under Section



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188(1) of the Companies Act, shall require prior approval of the Board, by way of resolution at a meeting of the Board.

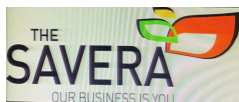
- b. Transactions which are not approved by the Audit Committee or in the opinion of the Audit Committee need special consideration / determination by the Board and is recommended to the Board for its approval.

iii. Approval of shareholders

- a. All Material Related Party Transactions and subsequent material modifications as per criteria defined in the policy, shall require prior approval of the shareholders through a resolution and the Related Parties shall not vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.
- b. The following transactions with Related Parties shall also require prior approval of the shareholders through a resolution if they are not in ordinary course of business or not on arm's length basis or both and voting restrictions for this purpose would be governed by the Companies Act as amended from time to time:
 - i. Sale, purchase or supply of goods or materials, directly or through appointment of agent amounting to 10% or more of the turnover of the Company;
 - ii. Selling or disposing or purchasing of property of any kind, directly or through appointment of an agent, amounting to 10% or more of the net worth of the Company;
 - iii. Leasing of property of any kind amounting to 10% or more of the turnover of the Company;
 - iv. Availing or rendering of any services, directly or through appointment of an agent amounting to 10% or more of the turnover of the Company;
 - v. Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2,50,000.
 - vi. Remuneration for underwriting the subscription of any securities or derivatives of the Company exceeding 1% of the networth of the Company.

The Turnover/ Networth referred above shall be computed on the basis of Audited Financial statement of the Company in the preceding financial year.

The limits specified in sub-clause (i) to (iv) above shall apply for the transaction(s) during a financial year, either individually or taken together.



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6. PROCEDURE FOR DETERMINING ORDINARY COURSE OF BUSINESS AND ARM'S LENGTH BASIS:

The key managerial personnel or the Audit Committee/ Board shall consider the following while determining whether a transaction is in the ordinary course of business or at arm's length basis:

- a. **"Ordinary Course of Business"** refers to all transactions or activities that are necessary, normal and incidental to the business of the Company the objects of the Company permit such activity shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions with a pattern of frequency.

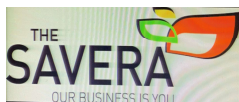
To decide whether an activity which is carried on by the business is in the 'ordinary course of business', the following factors may be considered:

- i. Whether the activity is covered in the objects clause of the Memorandum of Association
- ii. Whether the activity is in furtherance of the business
- iii. Whether the activity is normal or otherwise routine for the particular business (i.e. activities like advertising, staff training, etc.)
- iv. Whether the activity is repetitive/frequent
- v. Whether the income, if any, earned from such activity/transaction is treated as business income in the company's books of account
- vi. Whether the transactions are common in the particular industry
- vii. Whether there is any historical practice to conduct such activities
- viii. The financial scale of the activity with regard to the operations of the business
- ix. Revenue generated by the activity
- x. Resources committed to the activity

The above list is not exhaustive.

- b. **"Arms' 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. In this regard, the following guidelines can be used for determining the arms' length basis:

- whether the terms of the transaction are fair and would apply on the same basis if the transaction did not involve a Related Party;
- whether there are any compelling business reasons to enter into the transaction and the nature of alternative transactions, if any;
- whether the transaction would affect the independence of an independent director;



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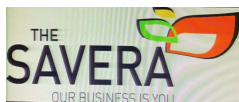
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- whether the transaction poses any consequential potential reputational risk issues;
- whether the transaction would present an improper conflict of interest for any director or KMP, taking into account the size of the transaction, the overall financial position of the director/KMP or other Related Party, the direct or indirect nature of the directors', KMPs', or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship.

For determining the arms' length pricing, the Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-Tax Act 1961 may be used to determine this criteria on a case to case basis.

7. TRANSACTION WHICH DO NOT REQUIRE APPROVAL OR DEEMED TO BE APPROVED UNDER THIS POLICY.

- a. No approval of the Audit Committee, Board and shareholders of the Company, as the case shall be required in respect of the following:
 - i. any transaction including subsequent modifications entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders of the Company at the General Meeting for its approval;
 - ii. any transactions including subsequent modifications entered into between two wholly-owned subsidiaries of the Company (i.e. two fellow WOS), whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for its approval;
 - iii. any transactions including subsequent modifications entered in to between a listed subsidiary which required to comply with Regulations 15(2) & 23 of SEBI LODR Regulations and a related party of the Company or related party of such listed subsidiary, provided the Company is not a party to such transaction.
 - iv. Any transactions including subsequent modifications entered into between unlisted subsidiary of a listed subsidiary (i.e. step down subsidiary of the listed entity) and related party of the listed entity or related party of such subsidiary, provided the listed subsidiary seeks prior approval of its Audit Committee, Board or its shareholders, as the case may be.



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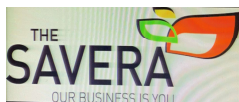
- b. Prior approval of shareholders shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within the prescribed timeline.
- c. The transactions or arrangements which are specifically dealt under the separate provisions of the Companies Act, SEBI LODR regulations or any other applicable law and consummated under such separate approvals, such related party transactions shall not require prior approval of the Audit Committee or deemed to be approved by the Audit Committee under this Policy. Such transactions are enumerated below:
 - i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - ii. Any Contribution with respect to Corporate Social Responsibility to Related Party pursuant to approval of Board or the Corporate Social Responsibility Committee.

The above transactions shall be reported to the Audit Committee on a half-yearly basis or an annual basis for its noting.

8. PROCEDURE FOR APPROVING RELATED PARTY TRANSACTIONS, CRITERIA FOR OMNIBUS APPROVAL AND MATERIAL MODIFICATIONS.

The Audit Committee / Board shall be provided with the following information for review and approval of the Related Party Transactions.

- a. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- b. Nature/Type, material terms and particulars of the proposed transaction;
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. Any advance paid or received for the contract or arrangement, if any.
- f. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);



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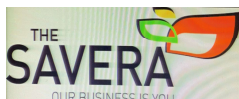
- g. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
- i. Details of the source of funds in connection with the proposed transaction;
- ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- h. Justification as to why the RPT is in the interest of the Company;
- i. A copy of the valuation or other external party report, if any such report has been relied upon;
- j. 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
- k. Any other information relevant or important for the Board/Audit Committee to take a decision on the proposed transaction.

Further, the Audit Committee / Board, as the case may be, is entitled to seek additional information from the management or, assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.

In assessing a Related Party Transaction, the Audit Committee/Board shall consider such factors as it deems appropriate, including without limitation –

- i. the business reasons for the Company to enter into the Related Party Transaction;
- ii. the commercial reasonableness of the terms of the Related Party Transaction;
- iii. the materiality of the Related Party Transaction to the Company;
- iv. whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party; and
- v. the extent of the Related Party's interest in the Related Party Transaction.
- vi. abuse of position on account of conflict of interest and non-arm's length dealings which are beneficial to the related party but detrimental to the other stakeholders.

As approved by the Board of Directors, the Audit Committee has specified the following criteria for granting omnibus approval:



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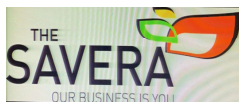
- a. The maximum value of transactions, in aggregate, which can be allowed under omnibus route in a year will be 10% of the Annual Consolidated Turnover as per the last audited financial statements of the Company
- b. The maximum value per each nature of transaction with a related party under the omnibus route will be upto 10% of the Annual Consolidated Turnover as per the last audited financial statements of the Company
- c. The following kind of transactions will not be subject to omnibus approval of the Audit Committee:
 - i. Transactions which are not repetitive in nature.
 - ii. Transactions involving sale or disposal of the undertaking of the Company.
 - iii. Transactions involving sale or disposal or assignment of any significant or critical asset of the Company including intellectual property rights.

For the purpose of this policy, the following modifications shall be deemed to be material modifications, in respect of all Related Party Transactions approved by the Audit Committee:

- iv. Extension of tenure of the agreement or contract.
- v. Assignment or novation of the agreement or contract.
- vi. Instances where the transaction may not meet the Arm's length basis.
- vii. Changes in the payment term(s) of the agreement or contract.
- viii. Increase or decrease in the value of transactions and other terms and conditions as detailed below:

Nature of transactions	Material Modifications
Sale, purchase or supply of goods or materials	10% of the original contract
Leasing of property of any kind	Any change
Availing or rendering of any services	10% of the original contract
Transaction relates to any loans, inter-corporate deposits, advances or investments	Any change

For the purpose of this policy, any modification shall be deemed to be material modifications, in respect of all Related Party Transactions approved by the shareholders, unless such modification is within the authority of the Board or its Committee as approved by the shareholders by way of resolution.



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9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 such 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 shall take any such action it deems appropriate.

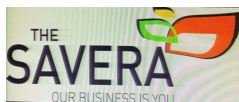
In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without its approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of such transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

10. DISCLOSURE REQUIREMENTS RELATED TO RPTs IN THE ANNUAL REPORT

- a) Company shall disclose RPTs in its annual report in the format specified under Schedule V of the LODR. The annual report is also required to contain disclosure of all transactions with persons/entities belonging to the promoter/promoter group holding 10% or more of the shareholding in the listed entity. These disclosure requirements are not applicable to listed banks.
- b) Company shall include “disclosures on materially significant RPTs that may have potential conflict with the interest of the listed entity at large, in the corporate governance report forming part of the annual report of the listed entity”.

11. REVIEW AND AMENDMENT(S) OF POLICY:

In case of any subsequent changes in the provisions of the Companies Act, or any other regulations, including the SEBI LODR Regulations, which makes any of the provisions in the Policy inconsistent with the Companies Act, or such other regulations, such provisions of the Companies Act, or such other Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with applicable law(s).



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This Policy shall be reviewed by the Audit /Board at least once in every three years. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board. The Board may from time to time authorise Directors to make changes in the policy due to regulatory or legal requirement and such changes made to be brought to the attention of the Board at the first meeting following such amendment(s).