

**Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
Revised Policy Amended 23rd May 2025**

I. Preamble

- 1.1 Savera Industries Limited (“the Company”) recognizes that while transacting with Related Parties are a normal part of business transactions, applicable laws require that appropriate approvals following Industry Standards are duly obtained, and reporting and disclosures are duly made and adhered to by all concerned.
- 1.2 The Company is required to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions in terms of provisions of section 177 of Companies act, 2013 (the “act”) read with rules thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“**Listing Regulations**”) in each case as amended.
- 1.3 The Policy aims to provide guidance on the standards for initiation of Related Party Transactions by the Company, and, consummation of Related Party Transactions and to communicate to everyone involved in the Company’s business to ensure that the spirit and requirements of all Applicable Laws are complied with for all Related Party Transactions.
- 1.4 This policy establishes the minimum information requirements for the review and approval of related party transactions, ensuring compliance with industry standards. These requirements are designed to facilitate thorough evaluation and informed decision-making.

II. Definitions and Interpretation

“**Applicable Laws**” shall mean all applicable laws in respect of Related Party Transactions, including without limitation, the Listing Regulations, the Companies Act, SEBI laws, Income Tax Laws, Accounting Standards, and any other laws as shall be notified from time to time;

“**Accounting Standards**” shall mean the standards of accounting or any addendum thereto for companies or class of companies in accordance with the Companies Act, Income Tax Laws and the Institute of Chartered Accountants of India;

“**Annual Report**” shall mean the annual report of the Company;

“**Arm’s Length Pricing**” shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest;

“**Associate Company**” in relation to the Company means a company in which the Company controls at least 20% of total share capital or, of business decisions under an agreement, including a joint venture company of the Company;

“**Audit Committee**” shall mean the audit committee of the Company;

“**Body Corporate**” shall mean a company under the Companies Act, and shall exclude registered co-operative societies and such other body corporate notified by the Central Government from time to time

“**Board**” shall mean the board of directors of the Company.

“**Companies Act**” means the Indian Companies Act, 2013, as amended from time to time.

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"Chief Financial Officer" means the Chief Financial Officer of the Company.

"Company Secretary" means the Company Secretary of the Company.

"Control" means the right exercisable by a person or persons acting individually or in concert, to appoint majority Directors or to control the management or policy decisions, directly or indirectly, including by virtue of their shareholding or management rights or shareholder's agreements or voting agreements or in any other manner in accordance with the Companies Act.

"Director" shall mean a director on the Board of the Company.

"Employee" shall mean an employee of the Company. **"Function"** shall mean a function of the Company.

"Income Tax Laws" shall mean the Indian Income Tax Act, 1961 and rules there under, as amended from time to time.

"Key Managerial Persons" or **"KMP"** means the Managing Director, Whole Time Director, Chief Financial Officer and the Company Secretary of the Company and any other persons as shall be designated under the Companies Act.

"Material Related Party Transactions" shall mean a transaction with the Company and Related Party which transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

Notwithstanding the above, 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, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Material Modification" in terms of Listing Regulations means any modification(s) in the pricing, quantity or overall transaction value having a variance of 25% (Twenty-Fivepercent) or more, in the relevant previously approved related party transaction.

"Related Party" means a related party as defined under the Applicable Laws.

"Shareholders" shall mean the shareholders of the Company, whether individuals, entities or financial institutions.

"Office or Place of Profit" means any office or place of profit as defined Applicable Laws.

"Ordinary Course of Business" shall mean those transactions as are determined to be in the ordinary course of business of the Company, based on the guiding principles as are listed in this Policy and/or Applicable Laws.

"Previous Related Party Transactions" shall mean related party transactions of the Company under the Old Companies Act which were undertaken prior to the commencement of the Companies Act.

"Quarter" shall mean the period of three months commencing on the first day of April, July, October or January of a financial year;

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“Related Party Transactions and Subsequent Material Modification” means a transaction between the Company and a Related Party in accordance with the provisions of Applicable Laws.

“Relative” means relative as defined under the Applicable Laws.

“Required Consents” shall mean such consents or approvals as are required to be taken for Related Party Transactions in accordance with this Policy and Applicable Laws.

“SEBI” shall mean the Securities and Exchange Board of India.

“Stock Exchange” shall mean the stock exchanges where the Company’s shares are listed.

III. Scope

This Policy applies to all Related Party Transactions, and subsequent material modifications thereof, (including the Material Related Party Transactions) which may be undertaken between the Company and the Related Parties.

IV. Policy

This Policy stipulates that the Company ensure that all the Related Party Transactions and/or any modifications thereof are carried out in accordance with this Policy.

Before entering into any contract or arrangement in respect of a Related Party Transaction with a Related Party, the Company shall ensure that:

- a) **Arm’s Length Pricing and Arm’s Length transaction.** Where a price is being charged in respect of the Company Related Party Transactions in the Ordinary Course of Business, the Company shall endeavor to ensure that the pricing should be determined at Arm’s Length Pricing, in accordance with Applicable Laws.
- b) **Required Approvals and Action Steps.** All Related Party Transactions shall only be undertaken after obtaining the prior approval of the Audit Committee and complying with the provisions of Applicable Laws.
- c) **Disclosure Obligations.** All the Material Related Party Transactions shall be disclosed as per Section V of this Policy.
- d) **Any deviation from Arm’s Length Pricing.** Where an amount lesser than Arm’s Length Pricing is charged in respect of the Related Party Transactions, irrespective of specified threshold, will require Board’s Approval and transactions above threshold as per applicability will require prior approval of shareholder and this Policy should be complied with to the fullest, accordingly.

V. Disclosures

The Company shall ensure that the following disclosures are made:

- (i) Board Report: Particulars of contractor arrangements or any other transactions with the Related Parties in accordance with the Applicable Laws

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- (ii) Report on Corporate Governance: Details of all Material Related Party Transactions and subsequent material modification, if necessary, shall be disclosed along with the compliance report on corporate governance every Quarter;
- (iii) Website & Annual Report: This Policy shall be disclosed on the Company's website and in the Annual Report;
- (iv) Stock Exchange: The Company shall submit enhanced disclosure of information related to RPTs to be provided to the stock exchanges in terms of Applicable Law; and
- (v) Accounting Disclosures: As per the Applicable Laws

VI. Consequence of Non-Compliance with this Policy

If any RPT Transaction contract or arrangement is entered into by the Company, without obtaining the Required Consents and if it is not ratified by the Board or, as the case maybe, by the Shareholders at a general meeting within three (3) months from the date on which such RPT Transaction was entered into, such contract or arrangement shall be voidable at the option of the Board.

If such contract or arrangement is with a party related to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by the Company.

Without prejudice to anything in the above para, it shall be open for the Company to proceed against a Director or any other Employee who had entered into such contract or arrangement in contravention of the provisions of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement.

VII. Administrative Measures

Management shall institute appropriate administrative measures to provide that all RPTs are in compliance, and are reviewed in accordance with, this policy. All persons dealing with Related Parties will, irrespective of the level, be responsible for compliance with the policy. All Business/ Functional Heads will certify compliance with this policy, on a periodic basis, to the Audit Committee through the Secretarial team.

VIII. Interpretation

In any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this policy until such time as this policy is changed to conform to the law, rule, regulation or standard.

IX. System enabled tracking of related parties and transaction

The existing process and controls with respect to identification of Related Parties and execution of RPTs shall be enabled in the System to the extent feasible. The existing system shall be customized to enable tagging of related parties in the vendor/ customer master.

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X. Omni bus Approval

All related party transactions shall require approval of the Audit committee. However, considering the nature of Company's operations, there could be circumstances, where it may not be practicable to seek prior approval of the Audit Committee. Moreover, if these transactions are repetitive in nature and in the Ordinary Course of Business, the Audit Committee may make Omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to specific criteria for making the Omnibus Approval as approved by the Board.

Omnibus approval shall not be obtained for transactions involving selling or disposing of the undertaking of the Company.

XI. Effective Date

From the date of Board Approval and shall remain in effect for all the subsequent amendments thereafter.

XII. Amendment

The Company has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

XIII. Queries and Clarifications

Chief Financial Officer and/or Company Secretary and Compliance Officer of the Company can be reached for any doubts or clarifications in respect of this Policy.
