

POLICY ON RELATED PARTY TRANSACTIONS

❖ **OBJECTIVE**

Clause 49 of the Listing Agreement and section 188 and other applicable provisions of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014. The Company is required to formulate a Policy to ensure proper approvals and reporting of related party transactions.

The primary objective of the Policy is to ensure the compliance of Corporate Governance, transparency, with Related Parties.

The Audit Committee will review and may amend this policy from time to time, subject to the approval of the Board.

❖ **DEFINITIONS**

“Audit Committee or Committee” means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“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 ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

“Policy” means Related Party Transaction Policy.

“Related Party” a means related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time.

“Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

❖ **EXEMPTED TRANSACTIONS**

“Related Party Transactions Exempt under the Act” means those Related Party Transactions which fulfill the following two criteria and which are exempt from the requirements of Board and Shareholder approvals:

Such transaction as are undertaken in the ordinary course of business; and
Those which are on arm’s length basis.

“Related Party Transactions Exempt under Clause 49” means those Related Party Transactions which are exempt from the requirements of Audit Committee and Shareholder approvals, viz:

- (i) Transactions between two Government Companies (not applicable to the Company);
- (ii) Transactions between the Company and its wholly-owned subsidiary, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;

❖ **POLICY**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

❖ **PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:**

Approval of the Audit Committee

All Related Party Transactions shall require prior approval of the Audit Committee, except transactions exempt under clause 49 of the Listing Agreement.

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 this Policy on related party transaction 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 the following:
 - (i) the names of the Related Party, nature of the transaction, period of transaction and the maximum amount for which the transaction 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 however that, where the need for the 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 (Rupees One crore) per transaction.

- d) Audit Committee shall review, atleast 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 approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Individual transactions with Related Parties, which are not in Ordinary Course of Business and not on an arm's length basis and all material transactions, shall be accompanied with Management's justification for the same. The Committee may accordingly approve or modify such transactions, in accordance with this policy and / or recommend the same to the Board for approval.

The Independent Directors shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business, not on arm's length and Material Specific Transactions also assure themselves that the same are in the interest of the Company and its Shareholders.

Prior Approval of the Board of Directors

As per the provisions of the Companies Act, 2013, no company shall enter into transactions which are prescribed under Section 188(1) (a) to (g) given as under except with the consent of Board given by resolution at a meeting of Board,

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the company.

Prior Approval of the Shareholders of the Company

All kinds of transactions specified under Section 188 (1) of the Act, which exceeds the thresholds laid down in rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 described as under, shall be placed before the Shareholders for its approval;

- (a) As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below
 - (i) sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent. of the turnover of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent. of net worth of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property of any kind exceeding ten percent of the net worth of the Company or exceeding ten percent of turnover of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
 - (iv) availing or rendering of any services directly or through appointment of agents exceeding ten percent. of the turnover of the Company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;

- (b) Is for 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 as mentioned in clause (f) of sub-section (1) of section 188; or
- (c) Is for remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Provided that no members of the Company shall vote on such resolution to approve any contract or arrangement which may be enter into by the Company if such member is a related party.

It is clarified that “related party” referred to in the provision has to be construed with reference only to the contract or arrangement for which such special resolution is been passed. The term “related party” in the above context refers only to such related party as may be related party in the context of the contract or arrangement for which said special resolution is been passed.

❖ **REGISTER**

In compliance with provisions of section 189 of the Companies Act, 2013 read with Rule 16 of Companies (Meetings of Board and its powers) Rules, 2014, the Company shall maintain register, giving separately the particulars of disclosure received from Directors, all contracts or arrangements to which section 188 applies.

The register shall be preserved permanently and shall be kept in the custody of the Company Secretary of the Company or any other person authorized by the Board for the purpose.

❖ **DISCLOSURES**

Every contract or arrangement entered into under sub section (1) of section 188 shall be referred to in the Board’s Report to the Shareholders along with the justification for entering into such contract or arrangement.

The disclosure requirement under clause 49(VIII) of the Listing Agreement is as follows:

- a. Details of all material transactions with related parties shall be disclosed quarterly along with the Compliance Report on corporate governance.
- b. This Policy shall be uploaded on the website of the Company at www.svaindia, a web link thereto shall be provided in the Company’s Annual Report.

❖ **AMENDMENTS**

This policy is a live document intended to be improved and amended as per the regulatory changes by the Board. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this policy. The Audit Committee shall review the policy atleast once in every year for making suitable amendments for better implementation of the policy.
