

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

INTRODUCTION

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations") have laid down extensive requirements to be fulfilled in case of Related Party Transactions. Additionally, the Listing Regulations specifies that the Company is required to formulate a policy on materiality of related party transactions and on dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors and such policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

Keeping in view the above-mentioned compliance requirements provided in Companies Act, 2013 read with related rules issued thereon and Listing Regulations including any amendment thereof, the Board of Directors of Savani Financials Limited acting upon the recommendations of the Audit Committee of the Company, has approved and adopted this policy and procedure regarding Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company.

PURPOSE

This Policy is intended to ensure due and proper compliance with the applicable statutory provisions and to fortify that proper procedure is defined and followed for approval/ ratification and reporting of transactions, if any, as applicable between the Company and any of its Related Parties. The provisions of this Policy are designed to govern the transparency of approval process and disclosures requirements to accord fairness in the treatment of related party transactions.

DEFINITIONS

"Act" means the Companies Act, 2013 and rules made thereunder as amended from time to time.

"Audit Committee or Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and -Regulation 18 of SEBI (LODR) 2015.

“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.

“Associate Company” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture, Company.

Explanation—For the purposes of this clause, “significant influence” means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.

“Board of Directors” or **“Board”**, means Board of Directors -of the Company.

“Key Managerial Personnel” / “KMP” shall mean key managerial personnel as defined - under Section 203 of the Companies Act, 2013

“Listing Agreement” - means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Related Party Transactions” shall mean such transactions as specified under the Act and Regulation 2(1)(zc) of the Listing Regulations including any amendment or modification thereof, as may be applicable.

“Material Related Party Transaction” in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds rupees one thousand crore or ten per cent 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Policy” means Related Party Transaction Policy of the Company.

“Transaction(s)” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

“Related Party” / “Related Parties” means a person or an entity:

which is a related party under section 2(76) of the Companies Act, 2013; or

which is a related party under the applicable accounting standards.

Related party under section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows-

- i. A director or his relative.
- ii. Key managerial personnel or his relative.
- iii. A firm, in which a director, manager or his relative is a partner.
- iv. A private Company in which a director or manager is a member or director.

A public Company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital.

Anybody corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager.

Any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity.

Anybody corporate which is—

- i. A holding, subsidiary or an associate Company of such Company.
- ii. A subsidiary of a holding Company to which it is also a subsidiary; or
- iii. An investing Company or the venturer of a Company.

Such other person as may be prescribed

“**Relative**” in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act read with Rule 4 of Companies (Specification of definitions details) Rules, 2014 and Regulation 2(1)(zd) of the Listing Regulations

APPLICABILITY:

This Policy applies to all the RPTs of the Company including any contract / arrangement with any Related Party and any modifications, from time to time. This Policy is applicable effective from 12TH August, 2024.

1. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the disclosure of Interest.

The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the holding Company/ies or their relatives.

The Company will identify the potential transactions with the Related Parties.

2. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Audit Committee

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm’s Length basis, subject to compliance of the conditions contained in -SEBI LODR 2015. 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:

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.

- i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- ii. 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, (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.
- iii. Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- iv. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered by the Company pursuant to each of the omnibus approval given
- v. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Agreement with the Stock Exchanges.

Transactions entered between a holding 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 shall not require prior approval of the Audit Committee.

3. BOARD

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

4. SHAREHOLDERS

All the material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so, required under any law and the Related Parties shall abstain from voting on such resolution.

5. Policy and procedure for review and approval of Related Party Transactions

- i. The RPT Policy may be reviewed and amended from time to time by the Audit Committee and the Board of Directors of the Company.
- ii. All RPT(s) and any subsequent modifications thereto, shall require the approval of the Audit Committee.
- iii. Subject to the applicable provisions of the Regulations,' Accounting Standards and the following conditions, the Audit Committee and the Board may, from time to time, grant omnibus approvals to the Company to enter RPT(s) with any Related Party provided that such RPT is repetitive in nature:

- a. The Audit Committee shall satisfy itself about the requirement of the Company for such omnibus approval and that such approval is in the interest of the Company.
 - b. Such omnibus approval shall specify (i) the name/s of the Related Party/ies; (ii) nature of transaction, period of transaction, maximum amount of transaction that can be entered; (iii) the indicative base price / current contracted price and the formula for variation in the price, if any; and (iv) such other conditions as the Audit Committee may deem fit.
 - c. Provided that in case where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
 - d. Such omnibus approvals shall be valid for a period not exceeding twelve months and shall require fresh approvals after the expiry of said twelve months.
 - e. The details of RPT(s) entered by the Company pursuant to such omnibus approval shall be reviewed by the Audit Committee, at least on a quarterly basis.
 - f. The Audit Committee shall on quarterly basis review the material RPTs entered by the Company during the relevant quarter.
- iv. In addition to the approval of the Audit Committee and the Board and subject to the applicable provisions of the Regulations, approval of the shareholders of the Company shall be required by way of special resolution, in case of the following:
- (a) Any Material Related Party Transaction(s); or
 - (b) Any contract/arrangement with Related Party, in case amount of such RPT(s) exceeds such sum / limits as mentioned in Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 except in cases where the transaction(s) are entered into by the Company in its ordinary course of business other than transaction(s) which are not on an arm's length basis.
- v. No Director on the Board or Key Managerial Personnel of the Company shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director / Key Managerial Personnel shall provide all

material information concerning the Related Party Transaction and the nature of interest to the Audit Committee / Board.

vi. Points to be considered by the Audit Committee / Board for approving Related Party Transactions:

- (a) the name of the Related Party and nature of relationship.
- (b) the Related Party's interest in the transactions.
- (c) the nature, duration of the contract and particulars of the contract or arrangement.
- (d) the material terms of the contract or arrangement including the value, if any.
- (e) any advance paid or received for the contract or arrangement, if any.
- (f) the manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract.
- (g) 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; the persons/authority approving the transaction.
- (h) whether the proposed RPT is in Ordinary Course of Business and an Arms' Length Transaction or not.
- (i) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

6. DISCLOSURES

- i. Identification of Potential Related Party/ies: Every Director on the Board / Key Managerial Personnel of the Company shall disclose his/her concern or interest in any Company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, within such time and in such manner as prescribed under Section 184 of the Companies Act, 2013 read with Rule 9 of Companies (Meetings of Board and its Powers) Rules, 2014 On an annual basis (every financial year), the Company Secretary shall request such disclosure from each Director on the Board and KMP of the Company, as may be required by the Regulations.

- ii. The Company is required to disclose Related Party Transactions, if any, in the Board's Report to shareholders of the Company, on an annual basis as per requirement of the applicable provisions of the Regulations and the applicable Accounting Standards.
- iii. The Company is also required to disclose this Policy on its website and web link thereto shall be provided in the Annual Report of the Company.
- iv. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party, as required by the applicable provisions of the Act.
- v. This Policy shall be communicated to the concerned functional heads including KMPs and other concerned officials of the Company.

7. CRITERIA FOR DETERMINING ORDINARY COURSE OF BUSINESS AND ARM'S LENGTH TRANSACTIONS:

The following guidelines will be used to determine whether a transaction with Related Party is in ordinary course and on arm's length basis:

"Ordinary Course of Business"

Ordinary Course of Business means a transaction which is:

- i. Carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time; or
- ii. A common commercial practice of the Company; or
- iii. Any other parameter/ criteria as may be decided by the Audit Committee / Board from time to time.

"Arm's Length Transaction":

"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.

In this regard, the following guidelines can be used by the Audit Committee for determining the Arm's Length Transaction

- i. whether the transaction is commercially negotiated
- ii. whether the terms of the transaction are fair and would apply on the same basis if the transaction did not involve a Related Party.
- iii. whether the transaction would affect the independence of an independent director.
- iv. whether the transaction would present an improper conflict of interest for any director or KMP, considering the size of the transaction, the overall financial position of the director/KMP or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship.
- v. whether comparative quotes for similar transaction have been obtained.
- vi. the Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-tax Act, 1961 may be used to determine the Arms' Length Transaction on a case-to-case basis.
- vii. any other matter(s), the Audit Committee considers relevant.

8. Amendments In Law

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.

9. Violation of the Policy

The Audit Committee of the Company, subject to supervision of the Board, shall be the competent authority for investigating and taking appropriate actions / steps for prevention or remedy of any breach and / or defaults in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Regulations.