



SANGHVI MOVERS LIMITED

POLICY ON MATERIALITY & DEALING WITH RELATED PARTY TRANSACTIONS

I. TITLE:

This Policy shall be called 'Policy on materiality and dealing with related party transactions'.

II. COMMENCEMENT:

The Policy shall come in to existence upon the approval by the Board of Directors of Sanghvi Movers Limited i.e., with effect from 10 February 2015.

III. OBJECTIVE

The objective of this Policy is to set the materiality thresholds for related party transactions and to regulate the transactions between the Company and its Related Parties, in compliance with the requirements of Companies Act, 2013 & rules there under, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

IV. SCOPE

This Policy shall apply to all the Related Party Transactions as defined under the definition clause below.

V. DEFINITIONS:

"Act" means the Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re- enactment thereof.

"Audit Committee" or "Committee" means Committee of Board of Directors of Sanghvi Movers Limited constituted under provisions of the Listing Regulations and the Act.

"Arm's Length Transaction" as defined under Section 188(1) of the Act, shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Board" means Board of Directors of Sanghvi Movers Limited.

Company" means Sanghvi Movers Limited.

SEBI Listing Regulations" means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.



“Key Managerial Personnel” or “KMP” shall have the meaning as defined in the Act, as amended from time to time.

The definition of Key Managerial Personnel under Section 2(76) of the Act is as under:

“Key Managerial Personnel (KMP)” means:

- (i) Chief Executive Officer or Managing Director or Manager,
- (ii) Company Secretary,
- (iii) Whole Time Director,
- (iv) Chief Financial Officer,
- (v) Such other officer as may be prescribed.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company, to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

“Regulation 23” means the Regulation no. 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

“Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Regulation 2 (1) (zb) of Listing Regulations, as may be amended from time to time.

“Related Party” under Section 2(76) is as under:

“Related Party”, with reference to a company, means—

- i. a director or his relative;
- ii. a 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 or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- vi. any body 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;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;



- viii. any company which is —
 - a) a holding, subsidiary or an associate company of such company, or;
 - b) a subsidiary of a holding company to which it is also a subsidiary;
 - c) an investing company or the venturer of the company;
- ix. a director, other than an independent director, or key managerial personnel of the holding company or his relative

The definition of 'Related Party' as given under Regulation 2 (1) (zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

"Related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

"Related party transaction (RPT)"

The term as defined under Section 188 of the Companies Act, 2013 means the following transaction or contract or arrangement:

- 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.

The definition of 'Related Party Transactions' as given under Regulation 2 (1) (zc) of SEBI Listing Regulations is as under:

Related Party Transaction means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

In accordance with Regulation 23 of the Listing Regulations, w.e.f. 01 April 2022, "Material Related Party Transactions" a transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1,000 Crore or 10% of the annual consolidated turnover of the Company, whichever is lower, as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under the Act.



Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board. "Material Related Party Transactions" shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations.

"Material Modifications" means any modifications to the material related party transactions which were approved by the Audit Committee/Board/ Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.

"**Policy**" means the policy on materiality and dealing with Related Party Transactions of the Company.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

VI. MATERIALITY THRESHOLDS

Regulation 23 of SEBI Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (Related Party's can cast only negative vote to reject the shareholders resolution on material RPT).

Sanghvi Movers Limited has fixed the following materiality threshold for the purpose of Regulation 23(1) and 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- A transaction with a related party is considered material, if the transaction/transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten per cent of the consolidated annual turnover as per the last audited financial statements of the company.



- All kinds of transactions specified under Section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not at arm's length basis and exceeds the threshold as laid down in Companies (Meetings of Board and its Powers) Rules, 2014.

VII. PROCEDURE FOR ENTERING INTO RPTs

A. Role of the Audit Committee (AC)

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs.

In summary, prior approval of Audit Committee is required for the following Related Party Transactions:

- a) Where Company is a party;
- b) Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
- c) *With effect from April 1, 2023, where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;*
- d) Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the related parties of the Company or any of its subsidiaries.

The Audit Committee will take into account following considerations while dealing with the RPTs:

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction;
- 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);
- Tenure of the proposed transaction (particular tenure shall be specified);

- Value of the proposed transaction.
- The percentage of the listed entity'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) 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;
 - a. nature of indebtedness;
 - b. cost of funds; and
 - c. 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.
 - Justification as to why the RPT is in the interest of the listed entity;
 - A copy of the valuation or other external party report, if any such report has been relied upon;
 - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.

Omnibus approval: The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:

- Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business; and
- Any other information relevant or important to take a decision on the proposed transaction.



The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding Rupees One Crore.

The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

RPTs with Wholly-Owned Subsidiary Company/ies:

Any RPT covered under the Listing Regulations, but not covered under the Act shall not require approval of the Audit Committee, Board of Directors or Shareholders where such transactions are entered into between the Company (as holding company) and wholly owned subsidiary whose accounts are consolidated with the Company (with holding company) and placed before the shareholders at the general meeting for approval.

B. Role of the Board of Directors of the Company ('Board')

The Board shall approve RPTs, which are not in ordinary course of business and/or not at arm's length. Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval. If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

C. Role of Shareholders

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require approval of the Board and shareholders, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis, shall require prior approval of the Board and shareholders, respectively.



Contracts/ arrangements with Company's subsidiary/ies would result in RPTs. Generally, such contracts/ arrangements would be in the ordinary course of business.

Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed.

VIII. DISCLOSURE

- A. Details of all material RPTs shall be disclosed quarterly along with the compliance report on corporate governance.
- B. The Company shall display this Policy on its website and a web link thereto will be provided in its every annual report.
- C. Disclosure with regard to the RPTs must also be made in accordance with the provisions of the Act.

IX. AMENDMENT

- A. The Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of the Act, including rules thereof, Accounting Standards (AS)/ Indian Accounting Standards (IND AS) and / or the provisions of the SEBI Listing Regulations.

In case of any subsequent changes in the provisions of the Act, the Listing Regulations or any other regulations, which makes any of the provisions in the Policy inconsistent with the Act, Listing regulations, the provisions of the Act, Listing regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

| Version | Particulars | Date | Approved by |
|---------|--------------------|------------|--------------------|
| 1.0 | New Policy adopted | 10.02.2015 | Board of Directors |
| 2.0 | Amendment | 23.05.2019 | Board of Directors |
| 2.0 | Amendment | 09.02.2022 | Board of Directors |
