

Policy on Materiality of Related Party Transactions (RPTs) and Dealing with RPTs

In terms of Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provisions of the Companies Act, 2013.

Purpose of this policy:

A. Sueryaa Knitwear Limited (Company) is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

B. Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”). This Policy regulates all transactions between the Company and its Related Parties (as defined below).

C. The Audit Committee will review the Policy periodically and may amend the same from time to time whenever required and propose the same to the Board for approval.

Definitions:

“**Associate Company**”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013 and the Regulations.

“**Board of Director**” or “**Board**” means the Board of Directors of SUERYAA KNITWEAR LIMITED, as constituted from time to time.

“**Company**” means SUERYAA KNITWEAR LIMITED.

“**Control**” – means and includes the following:

With reference to the provisions of the Companies Act, 2013

Control shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders’ agreements or voting agreements or in any other manner.

With reference to the provisions of Accounting Standard

Control is –

ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or

Control of the composition of the Board of Directors in the case of a Company or of the composition of the corresponding governing body in case of any other enterprise, or

a substantial interest in voting and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

With reference to the provisions of the SEBI Regulations

Control shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

{Takeover Regulation}. In terms the Takeover Regulations, Control includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

“Government Company” means any company in which not less than fifty one percent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.

“Independent Director” means a director of the Company, as appointed in terms of Section 149 of the Companies Act 2013 and who also qualifies as Independent Director in terms of the Regulations.

“Joint Venture” - A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

“Key Managerial Personnel” in relation to a company, means—

The Chief Executive Officer or the Managing Director or the Manager;

The Company Secretary;

The Whole-time Director;

The Chief Financial Officer;

Such other officer, not more than one level below the Directors who is in whole time employment, designated as Key Managerial Personnel by the Board;

Such other officer of the Company as may be prescribed by the Ministry of Corporate Affairs (MCA) from time to time.

“Material Related Party Transaction” means and includes the following:

If the transaction / transactions to be entered into individually or taken together with previous transactions to be entered individually or to be taken together with previous transactions during a financial year, exceeds 10% of the Annual Consolidated Turnover of SUERYAA KNITWEAR LIMITED as per the last audited financial statements of the Company.

As per Companies Act, 2013:

As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the material Related Party Transactions are as under:

Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

leasing of property of any kind amounting to 10% or more of the net worth of the company or 10% or more of turnover of the company, as mentioned in clause of sub-section (1) of section 188;

availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause and clause (e) respectively of sub-section (1) of section 188:

“Policy” means Policy on materiality of Related Party Transactions and dealing with Related Party Transactions.

“Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’).

“Related Party” means Related Party as per Companies Act 2013 & Rules made thereunder, Accounting Standard and the Regulations, as under:

As per the provisions of Companies Act, 2013 read with applicable Rules made thereunder:

With reference to the Company, means—

A Director or his relative;

A Key Managerial Personnel or his relative;

A Firm, in which a Director, Manager or his relative is a Partner;

A Private Company in which a Director or Manager or his relative is a Member or Director;

A Public Company in which a Director or Manager is a Director and holds along with his relatives, more than 2% of its paid-up share capital;

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;

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;

Any **Body Corporate** which is –

A Holding, Subsidiary or an Associate Company of such Company;

A Subsidiary of a Holding Company to which it is also a Subsidiary; or

An Investing Company or the Venturer of the Company

“Related Party” as per Regulation 2(zb) of the SEBI Listing Regulations:

Shall be considered as related to SUERYAA KNITWEAR LIMITED if:

Such entity is a related party under section 2(76) of the Companies Act 2013, as applicable from time to time. OR

Such entity is a Related Party under the applicable accounting standards, as applicable from time to time.

Further w.e.f. **April 01, 2022**, ‘**Related Party**’ as per Regulation 2(zb) of SEBI Listing Regulations shall mean:

Any person or entity forming part of the Promoter or Promoter Group of the listed entity; or

Any person or any entity shall be deemed to be a Related Party who is holding equity shares in the listed entity either directly or on a beneficial interest as provided under Section 89 of the Companies act, 2013, at any time during the immediate preceding Financial Year:

of 20% or more; or

of 10% or more, **w.e.f. April 01, 2023**;

“Relative”, with reference to any person, means anyone who is related to another, if—

they are members of a Hindu Undivided Family;

they are husband and wife; or

one person is related to the other in such manner as may be prescribed

List of relatives is as prescribed under Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014, as amended from time to time:-

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

Father: Provided that the term "Father" includes step-father.

Mother: Provided that the term "Mother" includes the step-mother.

Son: Provided that the term "Son" includes the step-son.

Son's wife.

Daughter.

Daughter's husband.

Brother: Provided that the term "Brother" includes the step-brother;

Sister: Provided that the term "Sister" includes the step-sister.

"Related Party Transactions" – means and includes the following:

As per Companies Act, 2013:

Following class of transactions are referred as Related Party Transactions:

Sale, purchase or supply of any goods or materials;

Selling or otherwise disposing of, or buying, property of any kind;

Leasing of property of any kind;

Availing or rendering of any services;

Appointment of any agent for purchase or sale of goods, materials, services or property;

Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

Underwriting the subscription of any securities or derivatives thereof, of the company:

As per SEBI Listing Regulations:

A '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.

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

However, vide sixth amendment in SEBI (LODR) Regulations, the revised definition of

“Related Party Transactions” w.e.f. April 01, 2022, shall be as under:

“Related Party Transaction” means a transaction involving a transfer of resources, services, or obligations between:

A Listed Entity or any of its Subsidiaries on one hand and a Related Party of the Listed Entity or any of its Subsidiaries on the other hand; or

A Listed Entity or any of its Subsidiaries on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Listed Entity or any of its Subsidiaries (w.e.f. April 01, 2023).

Dealing with Related Party Transactions

Approval by Audit Committee

All Related Party Transactions (RPTs) (including any subsequent modifications thereof) shall require prior approval of the Audit Committee of Directors.

Scope of Review of Related Party Transactions by Audit Committee:

As per the SEBI Listing Regulations, w.e.f. **April 01, 2022**, all related Party Transactions [and subsequent material modifications] shall require prior approval of the Audit Committee.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an *annual basis*.

The Audit Committee of Directors may grant ‘Omnibus Approval’ for the RPTs proposed to be entered into by the Company.

The Conditions for granting Omnibus approval are as under:

The Audit Committee may grant omnibus approval for certain category of related party transactions proposed to be entered into by the Company.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

Repetitiveness of the transactions (in past or in future);

Justification for the need of omnibus approval.;

Satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.

Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of such one year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Any other conditions as the Audit Committee may deem fit.

Review of Related Party Transactions by Subsidiary Companies of SUERYAA KNITWEAR LIMITED by Audit Committee:

W.e.f. April 01, 2022, A Related Party Transaction to which the subsidiary of SHREE VIJAY INDUSTRIES LIMITED is a party but SUERYAA KNITWEAR LIMITED is not the party, shall require prior approval of the audit committee of SUERYAA KNITWEAR LIMITED if the value of such transactions whether entered into individually or taken together with previous transactions during a financial year exceeds **10% of the annual consolidated turnover**, as per the last audited financial statements of SUERYAA KNITWEAR LIMITED;

W.e.f. April 01, 2023, A related party transactions to which the subsidiary of SUERYAA KNITWEAR LIMITED is a party, but SUERYAA KNITWEAR LIMITED is not the party, shall require prior approval of the Audit Committee of SUERYAA KNITWEAR LIMITED, if the value of such transactions whether entered into individually or taken together with previous transactions during a financial year, exceeds **10% of the Annual Standalone turnover**, as per the last audited financial statements of the subsidiary.

Approval by Board of Directors

Except with the consent of the Board of Directors given by a resolution at a meeting of the Board, SUERYAA KNITWEAR LIMITED shall not enter into any contract or arrangement with a related party with respect to—

Sale, purchase or supply of any goods or materials;

Selling or otherwise disposing of, or buying, property of any kind;

Leasing of property of any kind;

Availing or rendering of any services;

Appointment of any agent for purchase or sale of goods, materials, services or property;

Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

Underwriting the subscription of any securities or derivatives thereof, of the company:

Provided that nothing of the above shall apply to any transactions entered into by SUERYAA KNITWEAR LIMITED in its ordinary course of business other than transactions which are not on an arm's length basis.

Approval by Shareholders

Except with the prior approval of the company by a special/ordinary resolution, as may be specified from time to time under the Companies Act, 2013 or SEBI Listing Regulations, SUERYAA KNITWEAR LIMITED shall not enter into a transaction(s) with the Related Party, where the transaction(s) to be entered into:

as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 of the Companies Act 2013, with criteria as mentioned below -

Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

leasing of property of any kind amounting to 10% or more of the net worth of the company or 10% or more of turnover of the company, as mentioned in clause of sub-section (1) of section 188;

availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause and clause (e) respectively of sub-section (1) of section 188:

Further, as per SEBI Listing Regulations, w.e.f. **April 01, 2022**, 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of SUERYAA KNITWEAR LIMITED as per the last audited financial statements of the listed entity, whichever is lower.

Disclosure by Board of Directors, KMP and Senior Management

Disclosure on Website of SUERYAA KNITWEAR LIMITED

SHREE VIJAY INDUSTRIES LIMITED shall disclose the Policy on dealing with Related Party Transactions on its website and a web-link shall be provided in the Annual Report of SUERYAA KNITWEAR LIMITED.

Disclosure in Board's Report

Every contract or arrangement entered into by SUERYAA KNITWEAR LIMITED requiring Board's and Company's approval shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

Consequence of Non-Approval / Violations of the Provisions of related Party Transactions**Non-approval of Related Party Transactions/ Violation of provisions related to Related Party Transactions**

Where any contract or arrangement is entered into by a director or a KMP, without obtaining the consent of the Board or requisite approval by shareholders in the general meeting as required and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Without prejudice to anything contained in the above para, it shall be open to SUERYAA KNITWEAR LIMITED to proceed against a director or any other employee any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

Any director or any other employee of SUERYAA KNITWEAR LIMITED, who had entered into or authorized the contract or arrangement in violation of the provisions of section 188 of the Companies Act 2013 or Listing Regulations, shall be punishable as per the applicable provisions of Companies Act or Listing Regulations.
