

SHIVA PHARMACHEM LIMITED

Policy on Related Party Transactions

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Regulations**”) and section 177, 188 and any other applicable provisions of the Companies Act, 2013 (the “**Act**”)

The Securities and Exchange Board of India (“the SEBI”) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”) vide **Notification no. SEBI/LAD/NRO/GN/2015-16/013**, dated 2nd September, 2015, which was effective from **2nd December, 2015** (90 days from the publication in official gazette).

1. SCOPE

The Board of Directors (the “**Board**”) of SHIVA PHARMACHEM LIMITED (the “**Company**”) has adopted this policy on related party transaction under section 177, 188 and any other applicable provisions of the Companies Act, 2013 (the “**Act**”) read with the Companies (Meeting of Board and its Power) Rule, 2014 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Regulations**”).

2. OBJECTIVES:

Objective of this policy is to ensure timely reporting, disclosure and compliance of matters related to related party transactions as per requirements of laws.

3. DEFINITIONS

(1) Arm’s length transaction mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

(2) Related Party, with reference to a company, means-

- | |
|---|
| <ul style="list-style-type: none">a) a director or his relative;b) a key managerial personnel or his relative;c) a firm, in which a director, manager or his relative is a partner; |
|---|

Policy on Related Party Transactions

d) a private company in which a director or manager [or his relative] is a member or director;

e) a public company in which a director or manager is a director and holds along with relatives, more than two percent of its paid-up capital;

f) 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;

g) 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;

h) 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) more specifically as defined in the Section 2 of the Companies Act 2013 and rules made thereunder.

(3) "Relative", with reference to any person means any one who is related to another if-

i. they are members of a Hindu undivided family

ii. they are husband and wife; or

iii. one person is related to the other in following manner:

(a) Father (including step-father)

(b) Mother (including step-mother)

(c) son (including step-son)

(d) Son's wife

(e) Daughter

(f) Daughter's husband

(g) Brother (including step-brother)

(h) Sister (including step-sister)

(4) Material Related party Transaction: A transaction with related party shall be considered material of the transaction(s) to be entered into individually or taken

together with previous transactions during a financial year, exceeds **ten percent of the annual turnover of the listed entity as per last audited financial statements of the company.**

A transaction involving payments made to related party with respect to brand usage or royalty shall be considered material of the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds **five percent of the annual turnover of the listed entity as per last audited financial statements of the company.**

(5) Material Modification: Any transaction shall mean modification of such transaction resulting in change of more than 10% of the total monetary value of such transaction as last approved.

(6) Key Managerial Personnel in relation to a Company means

- | |
|--|
| <ul style="list-style-type: none">I. The Chief Executive Officer, or the Managing Director or the Manager;II. The Company SecretaryIII. The Whole-time director;IV. Chief Financial Officer;V. 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; andVI. Such other officer as may be prescribed |
|--|

(7) Audit Committee means Audit Committee constituted under section 177 of the Companies Act, 2015 (the “Act”).

4. APPROVAL & REPORTING OF RELATED PARTY TRANSACTIONS

All related party transactions must be reported and approved by the Audit Committee of the Company.

5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

All directors and key managerial personnel are responsible to give notice to the Board before entering into any related party transactions. Apart from this every director of the Company shall provide disclosure of interest at the beginning of every financial year. Board of the Company shall record all disclosure of interests received from the directors of the Company. Thereafter the Audit Committee of the Board of the Company will decide whether the transactions fall under the category of related party transactions or not.

6. APPROVAL

6.1. Prior approval by the Audit Committee:

- (a) All related party transactions and all subsequent Material Modifications thereto require prior approval of the Audit Committee of the Board of the Company whether it's approved by the Board of the Company or by Shareholders of the Company. **Provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.**
- (b) Also, any related party transaction(s) to be entered into by the subsidiary of the Company to which transaction the Company is not a party shall require the prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transaction(s) during the financial year **exceeds 10% of the annual consolidated turnover, as per the last audited financial statement of the Company.**
- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction 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;**
- (d) Prior approval of the Audit Committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.
Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.]

- 6.1.1. **Omnibus approval by the Audit Committee:** The Company may obtain omnibus approval from the Audit Committee of the Company for such transactions, subject to following conditions:

(1) The Audit Committee may grant omnibus approval for Related Party

Transactions subject to following conditions:

- (a) Maximum amount of the transaction which can be allowed during the year;
- (b) Maximum amount per transaction which can be allowed;
- (c) Maximum transaction which can be allowed during one year;
- (d) Information and disclosures requires to submit to the Audit Committee for such transactions.

(2) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

(3) The omnibus approval shall define:

- i. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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.

In case of above details are not available the Audit Committee may grant omnibus approval for such transactions for value of such transactions does not exceeding rupees **one crore** per transaction.

(4) The Audit Committee shall review, at least on a **quarterly basis**, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

(5) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of **one year**.

6.2. APPROVAL OF BOARD OF DIRECTORS

Transactions which are not in ordinary course and at arm's length shall require prior approval of the Board. When any director interested in any related party transactions which require prior approval of Board such interested director shall not participate in the discussion of that particular subject matter that shall be discussed in meeting of the Board.

Criteria for given omnibus approval decided by the Audit Committee at any time shall be approved by the Board of Directors.

6.3. Approval of Shareholders:

In following cases requires approval of Shareholders:

- All Material Related Party Transactions [and subsequent material modifications as defined by the Audit Committee under sub-regulation (2)] shall require [prior] approval of shareholders of the Company through resolution and [no related party shall vote to approve]such resolutions whether the entity is a related party to the particular transaction or not:
[Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary].
- Transactions which are not in ordinary business and not at arm's length price and cross threshold limits specified in section 188 of the Companies Act, 2013 shall require the prior approval of shareholders of the Company through ordinary resolution. All the related parties shall not vote on such resolution.

7. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY

In case the Company becomes aware that any related party transactions have been entered into without prior approval under this policy, the matter shall be reviewed by the Audit Committee. After that the Audit Committee may cancel, ratify, modify or do such other actions as appropriate. The Committee shall also go through the facts, circumstances because of which particular transactions not reported under this policy and take such actions as appropriate.

8. RELATED PARTY TRANSACTION NOT APPLICABLE UNDER THIS CASES

- (a) Transactions entered into between two government companies;
- (b) Transactions entered into 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.
- (c) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation. - For the purpose of clause (a), "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.

9. DISCLOSURE OF POLICY

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year; disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

Provided further that the listed entity shall make such disclosures every **six months within fifteen days** from the date of publication of its standalone and consolidated financial results:

Provided further that the listed entity shall make such disclosures every **six months** on the date of publication of its standalone and consolidated financial results with effect from **April 1, 2023**.

Effective Date: 03/04/2023