

SHILPA MEDICARE LIMITED

12-6-214/A-1, HYDERABAD ROAD, RAICHUR - 584135

POLICY ON RELATED PARTY TRANSACTIONS AND MATERIALITY

As amended on 10 February, 2025

1. PREAMBLE

The Board of Directors of Shilpa Medicare Limited (the “Company”), on recommendation of the Audit Committee, has adopted this policy to regulate Related Party transactions of the Company in compliance with various applicable laws, including under the Companies Act, 2013 (the “Act”) and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI LODR”), prescribed for related party transactions.

2. OBJECTIVE

The Related party may have potential or actual conflicts of interests. Such transactions are appropriate only if they are in the best interest of the Company. In order to ensure the same and to set forth the procedure for entering into and execution of Related Party Transactions, the board of directors of the Company (the “Board”) have adopted this policy.

3. CLARIFICATIONS, AMENDMENTS AND UPDATES

This Policy shall be implemented as per the provisions of the applicable law. Any amendments in the applicable law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous applicable law at the time of its implementation.

Likewise, reference in this Policy to Accounting Standards shall be deemed to refer to the contemporaneous Accounting Standards as applicable to the Company at the relevant time.

All words and expressions used herein, unless specifically defined, shall have the same meaning as respectively assigned to them, under the applicable law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, or SEBI LODR, as amended, from time to time.

4. DEFINITIONS

1. “Act” or “Act, 2013” means the Companies Act, 2013;
2. “Applicable Law” means the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and Indian Accounting Standards (including any modifications/ re-enactments thereof) and includes any other statute, law, standards, regulations, circulars or other governmental instruction relating to Related Party Transactions applicable on the Company;
3. “Audit Committee” means the Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 read with Regulation 18 of SEBI LODR;
4. “Board” means the Board of Directors of the Company;
5. “Compliance Officer” means the Company Secretary of the Company or such Compliance Officer identified by the Board for the purpose of SEBI LODR;
6. “Key Managerial Personnel” means

- a) the Chief Executive Officer or the Managing Director or the Manager
- b) the Company Secretary;
- c) Whole-time Director;
- d) the Chief Financial Officer

7. "Material Related Party Transactions under SEBI LODR" means-

a. any transaction to be entered into with a Related Party (other than a Wholly Owned Subsidiary), value whereof individually or taken together with previous Related Party Transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements or Rs.1000 crores, whichever is lower or such other threshold as may be laid down from time to time by applicable law;

b. a transaction involving payments made to a Related Party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeding five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;

8. "Material Related Party Transaction under the Act, 2013" means transactions as defined under Section 188(1) of the Act, 2013 by the Company with Related Parties excluding wholly owned subsidiaries as defined under Section 2(76) of the Act, 2013 where the aggregate value of the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the Act, 2013 from time to time.

9. "Relative(s)" shall have the same meaning as assigned to it under Section 2(77) of the Companies Act, 2013 and the Rules made thereunder and Regulation 2(1)(zd) of SEBI LODR.

10. "Related Party" means a related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:-

- a) any person or entity forming a part of promoter or promoter group of the listed entity or
- b) any person or entity , holding equity shares:
 - i.of 20% or more or
 - ii.of 10% or more with effect from April 1, 2023

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year, shall be a related party.

11. "Related Party Transaction" means a transaction/ means a transaction/group of transactions in a contract, involving a transfer of resources, services or obligations between:

- i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or the Company 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 Company or any of its subsidiaries (with effect from 1st April, 2023);

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 subject to the exclusions as provided below.

a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

b. the following corporate actions of the Company **or its subsidiary** which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities. subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by SEBI.
- v. *retail purchase from any listed entity or its subsidiary by its directors or its employees without establishing a business relationship and at terms which are uniformly applicable/offered to all employees and directors.*

c. Any other exception which is consistent with the applicable laws, including any rules or regulations made thereunder, and does not require approval in advance by the Audit Committee.

All terms not defined herein shall take their meaning from the applicable laws.

5. POLICY STATEMENT

A. Hierarchy of approvals in connection with Related Party Transactions

I. Audit Committee

1. All the Related Party Transactions and subsequent modifications thereto, of the Company with its Related Parties, shall require prior approval of the Audit Committee. Any other modification should also be approved by the Audit Committee.

2. Prior approval of the Audit Committee of the listed entity shall also be required in the following instances:

Related Party Transaction to which the 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, with effect from 1st April, 2023.

However, such prior approval of the Audit Committee of the Company as mentioned above, shall not be required for a Related Party Transaction, wherein the subsidiary is listed and regulation 23 and regulation 15(2) of LODR regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, prior approval of the audit committee of the listed subsidiary shall suffice.

3. Omnibus Approval by the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company *or its subsidiary* subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on *Related Party Transactions* 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 (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that 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 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.

- (i) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company *or its subsidiary* pursuant to each of the omnibus approval given;
- (ii) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Exceptions: Transactions between a holding & wholly owned subsidiary & between two wholly owned subsidiaries of a listed entity whose accounts are consolidated with such holding company & placed before the shareholders at general meeting are exempted.

II. Board of Directors

Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, Company or its subsidiary shall not enter into any contract or arrangement with a related party with respect to—

- 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. 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

Exception: However, any of the aforesaid transactions shall not require prior approval of the Board of Directors provided the transaction is in the ordinary course of business and on an arm's length basis.

Exemption from approval & disclosure requirement: -

Remuneration and sitting fees paid by the listed entity or its subsidiary to its directors, key managerial personnel, or senior management except who is a part of promoters/promoter group), shall not require approval of Audit Committee only if the transaction is not a material transaction under Regulation 23(1) of LODR. i.e transactions during the FY exceeds Rs.1000cr or 10% Of the annual consolidated turnover of the listed entity as per last audited financial statement of the listed entity, whichever is lower.

Disclosures required for obtaining Board approval

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- a. the name of the related party and nature of relationship;
- b. the nature, duration of the contract and particulars of the contract or arrangement;
- c. the material terms of the contract or arrangement including the value, if any;
- d. any advance paid or received for the contract or arrangement, if any;
- e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f. 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; and
- g. any other information relevant or important for the Board to take a decision on the proposed transaction.

The Directors interested shall abstain from participation in the discussion and shall not be present during discussion.

III. Shareholders

- a) All the Material Related Party Transactions and material modifications thereto or cases where the Audit Committee and the Board determines that a Related Party Transaction should be brought before the Shareholders, and prior approval of shareholders through ordinary resolution shall be taken for such transactions.
- b) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to Section 101 of Act, 2013 shall contain the following particulars, namely:-
 - i. name of the related party;
 - ii. name of the director or key managerial personnel who is related, if any;

- iii. nature of relationship;
- iv. nature, material terms, monetary value and particulars of the contract arrangements;
- v. any other information relevant or important for the members to take a decision on the proposed resolution.

The Explanatory Statement shall also include such other particulars as may be required under the Companies Act, 2013 and the SEBI LODR.

C. Procedures for review and approval of Related Party Transactions by the Audit Committee

- (a) Except otherwise provided hereunder, all Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy unless the approval is exempted pursuant to the provisions of applicable law. In cases where prior approval is not obtained, the Audit Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.

Ratification

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it."

- (b) The Members of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- (c) Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.
- (d) To facilitate review of each Related Party Transaction for granting approval (whether

specific or omnibus), the Audit Committee will be provided with all relevant information of the Related Party Transaction, including the purpose, terms and details of the transaction, the benefits, rights and obligations of the Company and the Related Party, and any other relevant information.

D. Standards for Review

a) A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee/ Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction.

b) In any case where either the Audit Committee/ Board/ a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.

c) In cases where a transaction 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.

d) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

e) No director or Key Managerial Personnel 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 to the Audit Committee/ Board.

g) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

E. Disclosures

a) The Company is required to disclose Related Party Transactions covered under Section 188 of the Companies Act, 2013 in the Company's Board's Report to shareholders of the Company at the Annual General Meeting as follows:

- i. All Material Related Party Transactions under the Act as defined in clause 8 of the definitions section of the Policy; and
- ii. All Related Party Transactions not entered into at arm's length basis
- b) The Company shall disclose this Policy on its website and also provide web link to the same in the Annual Report of the Company.
- c)The Company shall disclose the necessary details in the Annual Report as Para A of Schedule V of the SEBI LODR.
- d) The Company shall keep one or more registers as specified under applicable law giving the particulars of all contracts or arrangements with any Related Party.

I. Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the SEBI LODR or as may be otherwise prescribed by the Audit Committee/ Board from time to time. The Policy shall be mandatorily reviewed by the Board of Directors at least once every three years.