



SUDARSHAN PHARMA INDUSTRIES LTD

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POLICY FOR RELATED PARTY TRANSACTIONS

1. PREAMBLE

Sudarshan Pharma Industries Limited is a Company incorporated under the Companies Act, 1956 ("the **Company**") and is in the business of manufacturing, trading, processing and dealing in all kinds of pharmaceuticals, antibiotics, drugs, medicines, biological, nutraceuticals, healthcare, ayurvedic and dietary supplement products.

The Company is committed to good corporate governance practices and with a view to ensure a transparent system of related party transactions the Company has formulated this Policy.

The Board of Directors of the Company has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. PURPOSE

This policy is framed as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The policy is intended to ensure proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its stakeholders. The Company is required to disclose each year in the Financial Statements the transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. DEFINITIONS

- a) "**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.

Explanation – For the purposes of this clause,

- (a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;

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(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

b) "**Audit Committee**" means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c) "**Board**" means Board of Directors of the Company.

d) "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

e) "**Key Managerial Personnel**" shall mean the key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013.

f) "**Material Modifications**" means any subsequent modification(s) to an approved related party transaction(s) which individually or taken together with previously approved transactions with the same related party, during the financial year results into change (increase) in the value of the said transaction(s) by more than 10%.

g) "**Material Related Party Transaction**" means a transaction with a related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Provided further that with effect from April 01, 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, 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 Rs.50 Crores or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

h) "**Policy**" means Policy for Related Party Transactions of the Company or any amendment thereto.

i) "**Related Party**" means an entity shall be considered as related to the Company if:
1. Such entity is a related party under Section 2(76) of the Companies Act, 2013;
or
2. Such entity is a related party under applicable Accounting Standards.

j) "**Related Party Transaction**" means a transaction involving a transfer of resources, services or obligations between:
(i) 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

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(ii) 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, with effect from April 1, 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.

k) "**Relative**" means relative as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed there under.

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

4. POLICY

All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Audit Committee in accordance with this Policy.

4.1 Procedures for review and approval of Related Party Transactions:

4.1.1 AUDIT COMMITTEE

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company, subject to the following conditions:

- a. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.
- b. A related party transaction above Rs.1 Crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction, exceeds the lower of the following:
 - 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary
 - the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI Listing Regulations.
- c. In the event of a related party transaction above Rs.1 Crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

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- 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
 - the threshold for material related party transactions of the Company as specified in Schedule XII of SEBI Listing Regulations.
- d. Prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.
- e. 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 Rs.1 Crore;
 - (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23 of SEBI Listing Regulations;
 - (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 SEBI Listing Regulations;
 - (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 authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by the Company.

- f. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary subject to the following conditions, namely:
- (i) 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;
 - (ii) Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
 - (iii) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
 - (iv) the omnibus approval shall specify:

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- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
- the indicative base price / current contracted price and the formula for variation in the price if any; and
- such other conditions as the Audit Committee may deem fit:
- 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.
- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.

4.1.2 APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

- a. All material related party transactions and subsequent material modifications as defined by the Audit Committee under sub-regulation (2) shall require prior approval of the shareholders 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.
- b. Prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.
- c. The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.
- d. In case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

4.2 Standards for Review and Approval of Related Party Transaction:

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee or the Shareholders, as the case may be, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee shall review and consider:

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;

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- (d) Whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (e) Whether the transaction with the Related Party is proposed to be, or was, entered on an Arms' Length Basis;
- (f) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (g) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transaction, if any;
- (h) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction
- (i) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;
- (j) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- (k) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the director or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.
- (l) Required public disclosure, if any; and
- (m) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee will review all relevant information available to it about the Related Party Transaction. The Audit Committee may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

5. DETERMINATION OF ORDINARY COURSE OF BUSINESS:

"In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determination what is in the ordinary course business.

6. DETERMINATION OF ARMS' LENGTH NATURE OF THE RELATED PARTY TRANSACTION

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6.1.1 Price Determination:

At the time of determination, the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms' length pricing as per applicable law including such prices where the benefits of safe harbour are available under applicable law.
- (ii) For the said purposes, the Audit Committee shall be entitled to rely on professional opinion in this regard.

6.1.2 Underwriting and screening of arms' length Related Party Transaction:

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.
- (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

7. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

- (a) Each director and Key Managerial Personnel is responsible for providing written notice to the Audit Committee of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- (b) Every director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (c) Where any director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- (d) A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- (e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

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8. GENERAL PRINCIPLES:

- (a) It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.
- (b) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- (c) The Audit Committee shall have the following powers with respect to Related Party Transactions: (i) to seek information from any employee; (ii) to obtain outside legal or other professional advice; (iii) to secure attendance of outsiders with relevant expertise, if it considers necessary; (iv) to investigate any Related Party Transaction.

9. DISCLOSURES:

- (a) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the SEBI Listing Regulations.
- (c) The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.
- (d) The Company shall keep one or more registers giving separately the particulars of all contracts or Arrangements with any related party.


10. AMENDMENT IN LAW:

Any subsequent amendment / modification in the SEBI Listing Regulations and / or the applicable laws in this regard shall automatically apply to this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

(As approved by the Board of Directors of the Company vide Board Resolution dated 7th October 2022, and thereafter reviewed and revised on 30th April 2026)

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