



Suven Pharmaceuticals Limited

Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions

(Amended Policy effective from February 3, 2025)

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

A) Objective

Suven Pharmaceuticals Limited (the “Company”) is governed, amongst others, under the Companies Act, 2013 and the rules framed thereunder, as amended (the “Act”) and regulations framed by the Securities and Exchange Board of India (“SEBI”). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“SEBI Listing Regulations”), has mandated every listed company to formulate a Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions (“Policy”).

The Board of the Company after considering the recommendation of the Audit Committee, has adopted this Policy in line with the requirements provided under the Act and the SEBI Listing Regulations. This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for transactions with related parties. This Policy also deals with the review and approval of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

B) DEFINITIONS

- a) **“Arm’s length transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. Pricing may not be the only determinant of a transaction being at arm’s length though it is an important factor. Therefore, the Company would apply judgment to conclude whether a transaction can be considered to be on an arm’s length basis.

The following may be considered to be helpful in concluding whether a transaction is on an arm’s length basis:

- i. The transaction is as per the prevailing price list/ pricing policy/ market price/ at the same price (or margin) at which entered into with unrelated parties;
- ii. The transaction is in line with unrelated party’s quotations/ bids;
- iii. The transaction is at a price/ rate in line with Government guidelines/ industry standards/ specifications where relevant;
- iv. Cost sharing arrangements, where costs are shared based on the actuals or benefit derived;
- v. Taking assistance of an expert – valuation specialist;
- vi. Principles under the transfer pricing guidelines;
- vii. Such other criteria as prescribed under applicable law or judicial precedents.

- b) **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with applicable law, including the SEBI Listing Regulations and the Act.

- c) **“Board”** means the Board of Directors of Suven Pharmaceuticals Limited.

- d) **“Material related party transaction”** means a transaction with a related party where the transaction/ transactions to be entered into individually or taken together with previous transactions with a related party during a financial year, exceeds the thresholds/ criteria as defined under the Act or the SEBI Listing Regulations.

- e) **“Ordinary course of business”** for the purpose of this policy, will cover the businesses of the Company and its subsidiaries, usual transactions, customs and practices of a business and includes all such activities which the Company can undertake as per the Memorandum and Articles of Association and incidental and/or facilitative activities of the business.

The following factors may be considered for determination of whether the transactions are in ordinary course of business:

- i. The objects of the Company and its subsidiaries permit the activities undertaken; or
- ii. There is a historical practice to conduct such activities; or
- iii. There is a pattern of frequency to conduct such activities over a period of time; or
- iv. The transactions are common in industrial practice.

and includes all such activities which the Company can undertake as per the Memorandum and Articles of Association.

- f) **“Policy”** means this Policy, as amended from time to time.
- g) **“Related Party”** in relation to the Company means a party related with the Company in any of the ways as are laid down in the Act or the SEBI Listing Regulations, as amended from time to time.
- h) **“Related Party Transaction”** means a transaction(s) as defined under the provisions of the Act or the SEBI Listing Regulations, as amended from time to time.
- i) **“Material Modifications”** means any modification(s) in the terms and conditions of any related party transaction, which were existing at the time of its approval/ ratification by the Audit Committee/ Board/ shareholders, having a significant impact, including the criteria illustrated below, on the nature, value, financial impact and tenure of such a transaction.

An illustrative list of rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following:

- i. The terms of the contract cease to be arms’ length;
- ii. A transaction which has lost its character of being in ordinary course of business;
- iii. Novation of contract or change in nature of transaction;
- iv. Substantial change in agreed terms and conditions of the contract;
- v. Any variation exceeding 20% or Rs. 2 Crore, whichever is lower, on the approved limit for transactions with the related party.

Provided further that the following shall not be considered as material modification:

- modifications which may be mandated pursuant to change in the Act or the SEBI Listing Regulations or other applicable law; or
- modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.); or
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties; or
- modifications uniformly affected for similar transactions with unrelated parties.

- j) **“Relative”** means relative as defined under the Act or the SEBI Listing Regulations, as amended from time to time.

C) Interpretation

Any words/ terms used in the Policy but not defined herein shall have the same meaning ascribed to it, in the Act or rules made thereunder, the SEBI Listing Regulations, the Indian Accounting Standards or any other relevant legislation/ law applicable to the Company.

In the event of a conflict between the terms of the Policy and any rules, regulations or standards, the provisions of such rule, regulation or standards shall prevail over this Policy, to the extent of such inconsistency.

In case of any dispute or difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/ provision, the Audit Committee may, in its discretion, seek the help of the management of the Company or an outside expert, as it deems fit.

D) Identification of Related Parties and the Related Party Transactions

- i) All related party transactions and subsequent material modifications shall be identified and brought to the notice of the Audit Committee of the Company.
- ii) Any employee of the Company or its subsidiary(ies) who is aware of any transaction that is or may be perceived to be a related party transaction is required to bring the same to the attention of the Chief Financial Officer or the Company Secretary of the Company, for placing the same before the Audit Committee of the Company.
- iii) Every Director and Key Managerial Personnel (KMP) of the Company and its subsidiary(ies) shall provide requisite information,
 - a. at the time of appointment;
 - b. annually; and
 - c. whenever there is any change in the information already submitted,

about their interest, including interest of their relatives, in firms, entities, companies, body corporates, in which such director or KMP or their relatives are interested, whether directly or indirectly, to the Company Secretary of the Company. In case of subsidiary, information shall be given to the Company Secretary or finance head of the subsidiary.

- iv) Each subsidiary shall promptly furnish the list of its related parties to the Company and changes therein, from time to time.
- v) On the basis of information received, the Company Secretary shall maintain a consolidated list of related parties, in accordance with the provisions of the Act and SEBI Listing Regulations.
- vi) Potential transactions with the related parties, as per the above-mentioned list, shall be identified and a proposal with details, shall be submitted to the Audit Committee for requisite approval.
- vii) The notice of any potential related party transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and place it before the Audit Committee for consideration.

- viii) The subsidiaries shall, from time to time, provide to the Company, information of any proposed related party transactions including material related party transactions and any material modification(s), for the purpose of obtaining requisite approvals from the Audit Committee of the Company, in accordance with the applicable provisions of the Act and the SEBI Listing Regulations.
- ix) The subsidiaries shall provide to the Company, on quarterly basis, information regarding the transactions entered into with any of the related parties of the Company, or with any of its subsidiaries, for placing the same before the Audit Committee.

E) Approval of related party transactions

a) Approval of the Audit Committee

- i) All proposed transactions which are identified as related party transactions and subsequent modifications thereof, shall be placed for approval of the Audit Committee in the manner specified under the Act and the SEBI Listing Regulations. The Audit Committee may consider all relevant factors while deliberating the related party transactions for its approval.
- ii) Only Independent Directors, who are members of the Audit Committee shall approve the related party transactions. Any member of the Audit Committee who has interest or potential interest in any related party transaction shall recuse himself/ herself and abstain from discussion and voting on the approval of the related party transaction.
- iii) A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length basis, would require approval of the Board or of shareholders, as mentioned in this Policy.
- iv) The Audit Committee may grant omnibus approval for the related party transactions, which are routine and repetitive in nature, and which satisfy the criteria for omnibus approvals, as prescribed under the Act or the SEBI Listing Regulations.
- v) Where the need for the related party transactions cannot be foreseen and the requisite details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
- vi) Omnibus approval by the Audit Committee shall be based on the criteria specified in this Policy as well as pursuant to the Act and SEBI Listing Regulations.
- vii) Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval, before the expiry of the approval period.
- viii) The Audit Committee shall review the details of related party transactions including material modifications thereof on a quarterly basis. Procedural aspects concerning review of a related party transaction may be modified or waived by the Audit Committee, at its discretion.
- ix) A related party transaction entered into by the Company, which was not pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification. The Audit Committee may ratify such transactions, if appropriate, subject to

such terms and conditions including limits, specified under the Act and the SEBI Listing Regulations.

- x) The prior approval of the Audit Committee shall be taken for related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the SEBI Listing Regulations.

b) Approval of the Board

- i) Any related party transaction, which is either (i) not in the ordinary course of business, or (ii) not at an arm's length basis, shall be placed before the Board for approval. The Board shall consider various factors, such as, nature of the transaction, material terms, pricing/consideration and the business rationale for entering into such transaction and any other information the Board may deem fit for taking decision on a proposed transaction.
- ii) The Board shall also consider related party transactions, which are referred by the Audit Committee and which in the opinion of the Audit Committee, need special consideration/determination by the Board.
- iii) The Board shall also consider related party transactions, where it is mandatory under any applicable law requiring Board approval for such transactions.
- iv) Any member of the Board who has any interest or potential interest in any related party transaction will recuse himself/ herself and abstain from discussion and voting on the approval of the related party transaction.

c) Approval of the Shareholders

- i) Material related party transactions and subsequent material modifications thereto, as defined under the Act and the SEBI Listing Regulations shall require prior approval of shareholders of the Company. No related party shall vote to approve such a resolution, irrespective of whether the entity is a related party to the particular transaction or not.
- ii) The Audit Committee and the Board shall approve and recommend all material related party transactions and subsequent material modifications thereto, before submitting the same for approval of the shareholders of the Company.
- iii) The approval of shareholders shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary or between two wholly owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

F) Criteria for approving the related party transactions through omnibus route

The criteria for granting omnibus approval of the related party transactions by the Audit Committee are as follows:

- i) The maximum value of the related party transactions, in aggregate, which can be allowed under the omnibus route in a year shall not exceed 25% of the annual consolidated turnover of the Company (as per the last audited financial statement).

- ii) The maximum value per related party transaction which can be allowed under the omnibus route shall not exceed 5% of the annual consolidated turnover of the Company (as per the last audited financial statement).
- iii) The necessary disclosures as required under the Act and the SEBI Listing Regulations shall be placed before the Audit Committee at the time of seeking omnibus approval. The Audit Committee may ask for additional information/ documents, as it may deem appropriate.
- iv) The Audit Committee shall review the related party transactions entered into by the Company pursuant to the omnibus approval route.
- v) The transactions which are not repetitive in nature or which require approval of the Board or shareholders, shall not be subject to the omnibus approval by the Audit Committee.
- vi) The Audit Committee shall consider the repetitiveness of the transactions (in past or in future) as well as justification for granting approval of the related party transactions through omnibus route.

G) Related party transactions that shall not require approval

The following transactions or arrangements, which are specifically dealt under separate provisions of the Act or the SEBI Listing Regulations and executed under separate approvals of the shareholders or Board or a Board Committee, shall be deemed to have been approved under this Policy, in compliance with provisions of the applicable laws and shall not require separate approval under this Policy:

- i) Any transaction pertaining to remuneration and sitting fees paid by the Company or its subsidiary to its Director, KMP or Senior Management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee, provided that such transaction is not material related party transaction;
- ii) Transactions that have been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments with or in between wholly owned subsidiaries;
- iii) Share based incentive plans including stock options to the Directors, KMP and other employees;
- iv) Any benefits, interest arising to related party solely from the ownership of Company shares, which is at par with other shareholders, including dividends, issuance of securities by way of rights or bonus issue and buyback of securities;
- v) Issue of specified securities on a preferential basis, subject to the compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- vi) Contribution to Corporate Social Responsibility (CSR) obligations, subject to approval of CSR Committee and the Board;
- vii) Any other permissible transactions for which specific approval has been given under the Act and the SEBI Listing Regulations.

H) Disclosures

The Company shall make the following disclosures, as applicable:

- i) This Policy shall also be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.
- ii) The details of all transactions with related parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be made in other public documents/ certificates as legally required, in the manner and as per the timelines set out in the SEBI Listing Regulations;
- iii) The particulars of the related party transactions not at arm's length basis and material related party transactions shall be made in the Board's Report which forms a part of the Company's Annual Report.
- iv) Such other disclosures as may be prescribed under the Act and the SEBI Listing Regulations, Accounting Standards and applicable regulations from time to time.

I) Review and amendment to the Policy

The Board of Directors based on the recommendation of the Audit Committee of the Company shall review this Policy at least once in three years or such other earlier periodicity as it may deem fit and may amend this Policy from time to time.

The provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

This Policy was approved and adopted by the Board on March 23, 2020 and was further reviewed and amended on February 8, 2022.

The revised policy shall be effective from February 3, 2025.
