



SUNSHIELD CHEMICALS LIMITED
POLICY ON RELATED PARTY TRANSACTION
Version : 4 (Four)

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

The Board of Directors (the “Board”) of Sunshield Chemicals Limited (the “Company”) has adopted this Related Party Transaction Policy (“Policy”) in accordance with the Companies Act, 2013, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”).

This policy aims to regulate transactions between the Company and its Related Parties, based on the laws and regulations applicable to the Company.

The Audit Committee shall periodically review this Policy and recommend revisions to the Board, as deemed necessary.

2. PURPOSE

The objective of this Policy is to regulate transactions with related parties and ensure transparency between them. It sets out the manner of dealing with related party transactions based on the laws and regulations applicable to the Company.

3. DEFINITIONS

“**Act**” means Companies Act, 2013 and Rules framed thereunder, including any modifications, clarifications, circulars or re-enactments thereof.

“**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.

“**Applicable Law**” includes (a) the Act and the rules made thereunder; (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions and amendments made thereto.

“**Audit Committee or Committee**” means the committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“**Board**” means the Board of Directors of the Company as defined under the Companies Act, 2013.

“**Company**” means Sunshield Chemicals Limited.

“**Compliance Officer**” means the Company Secretary and Chief Financial Officer of the Company or such other officer as identified by the Board for the purpose of compliance of Listing Regulations.

“**Independent Director**” means an independent director referred to in Section 149(6) of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Industry Standards**” shall mean the industry standards on “Minimum Information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transactions” as notified by SEBI vide its circular dated June 26, 2025.

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

“Key Managerial Personnel” means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.

“Material Related Party Transactions” as per the SEBI Listing Regulations and Companies (Meetings of Board and its Powers) Rules, 2014:

- a. If the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- b. As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, relating to the threshold limits for determining the materiality of transaction(s).

“Material Modifications” shall mean any modification with respect to the following: Any modification to an existing Related Party Transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/ Board/ Shareholders, as the case may be.

“Ordinary Course of Business” with reference to a transaction with a related party means the usual transaction which is:

- (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
- (ii) historical practice with a pattern of frequency;
- (iii) common commercial practice; or
- (iv) meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

“Relative(s)” shall have the same meaning as assigned to it under Section 2 (77) of the Act and the rules made thereunder.

“Related Party” in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act or Regulation 2(1)(zb) of the SEBI Listing Regulations or under applicable accounting standards.

“Related Party Transaction” in relation to the Company means a transaction with a related party as defined in 2 (1) (zc) of the SEBI Listing Regulations and under the relevant provisions of the Act or any relevant Indian Accounting Standards, as amended from time to time.

“Subsidiary” means a subsidiary as defined in regulation 2(1)(zm) of the SEBI Listing Regulations;

“Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the SEBI Listing Regulations, Accounting Standard 18 or any other applicable regulation.

4. PROCEDURE

Disclosure by Directors & KMP and Identification of the Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1) (zb) of the SEBI Listing Regulations.

Every Director and KMP shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

The aforementioned disclosures shall be submitted to the Company (i) at the time of appointment of such person to office; (ii) at the first meeting of the Board held in every financial year, and (iii) whenever there is any change in the disclosures already made, then at the first Board meeting held after such change.

Directors shall also make continual disclosures during the financial year, as regards their new directorships by submitting updated forms to the Company for ensuring compliance under Applicable Law and this Policy.

Identification of Transactions with Related Parties

- a. The Related Parties of the Company shall be identified and ascertained in light of the aforementioned definition of the Related Party.
- b. Every Director and KMP of the Company shall be responsible for providing a list of Related Parties to the Company.
- c. The Board shall take note of such disclosures and maintain database of Company's Related Parties.
- d. Any questions as to whether a person is a Related Party or not shall be determined by the Committee.
- e. The Compliance Officer shall maintain a database of Company's Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

The Company shall identify Related Party Transactions in accordance with Section 188 of the Companies Act and Regulation 2(1)(zc) of the SEBI Listing Regulations (as amended from time to time).

The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:

- Name of party and details explaining nature of relationship;
- Duration of the contract and particulars of the proposed transaction;
- Justification to ascertain whether the transaction is at arm's length and

- Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Audit Committee shall consider following factors, among others, to the extent relevant to Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party.
- Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- Whether the Related Party Transaction would affect the independence of an Independent Director.
- 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 is allowed and would be detrimental to the Company.
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant.

6. APPROVAL OF RELATED PARTY TRANSACTIONS

Audit Committee

All Related Party Transactions and any subsequent Material Modifications shall be undertaken only after prior approval of the Audit Committee and these transactions should be approved only by Independent Directors of the Audit Committee.

Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of Regulation 23 of SEBI Listing Regulations.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company 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 of the Company 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.

- d. 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 approval given; and
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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:

- a. 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;
- b. the transaction is not material in terms of the provisions of Reg. 23 (1) of the SEBI Listing Regulations;
- c. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- d. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the Reg. 23 (9) of SEBI Listing Regulations;
- e. 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 it.

Board of Directors

All Related Party Transactions within the scope of Section 188 of the Act and Regulation 23 of the SEBI Listing Regulation, which are not in the Ordinary Course of Business and not at an arm's length shall require prior approval of the Board.

In addition, the following Related Party Transactions shall also be placed before the Board for approval:

- Material Related Party Transactions and any subsequent Material Modifications to Related Party Transactions, which are intended to be placed before the shareholders for approval.
- All other Related Party Transactions as referred by the Audit Committee from time to time.

Information in such form and manner as prescribed in the Act and/or SEBI Listing Regulations shall be provided to the Board.

Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Shareholders' Approval

All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not.

However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

If a Related Party Transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, SEBI Regulations, it shall require shareholders' approval. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

7. TRANSACTIONS FOR WHICH SEPARATE APPROVAL FOR RELATED PARTY TRANSACTION IS NOT REQUIRED

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under the separate approvals/procedures from relevant competent authority or Board Committee, as the case may be, shall be deemed to be approved under this Policy and are not required to be separately approved under this Policy.

Such transactions are enumerated as below:

- (i) Share based incentive plans (including ESOPs) for the benefits of the Directors and/or Key Managerial Personnel, pursuant to the approval of the Shareholders.
- (ii) Any benefits, interest arising to Related Party solely from the ownership of Company's shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.
- (iii) Contribution to Corporate Social Responsibility (CSR) obligations, which are approved by the CSR Committee and within the overall limits approved by the Board of Directors of the Company.
- (iv) Transactions arising out of corporate restructuring, compromises, arrangements and amalgamations dealt with under specific provisions of the Act, will not attract the requirements of Section 188 of the Companies Act.

8. APPLICABILITY OF INDUSTRY STANDARDS ON MINIMUM INFORMATION TO BE PROVIDED FOR REVIEW OF THE AUDIT COMMITTEE AND SHAREHOLDERS FOR APPROVAL FOR RELATED PARTY TRANSACTION

These standards as provided in the SEBI Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated June 26, 2025, with effect from September 01, 2025, are structured as under:

Part A: This Part of the Standards captures the minimum information of the proposed RPT and is applicable to all Related Party Transactions placed for review and approval by the Audit Committee.

Part B: This Part is applicable only if a specific type of RPT is proposed to be undertaken and is in addition to Part A. Seven types of RPTs have been specified as per the circular.

Part C: This Part is applicable to material Related Party Transactions placed for approval of both the Audit Committee and shareholders. and is in addition to Part A and Part B (with respect to such RPT).

These Industry Standards are not applicable for:

- i. Transactions exempted under Regulation 23(5) of SEBI LODR Regulations i.e.:
- ii. Quarterly review of Related Party Transactions by the Audit Committee in terms of Regulation 23(3)(d) of SEBI LODR Regulations.
- iii. Transactions (individually or together) not exceeding Rupees One Crore.

With effect from September 01, 2025, or such other date as maybe prescribed by SEBI, the Related Party Transactions entered into by the Company shall be required to obtain the following approvals by disclosing information as provided below:

A. Audit Committee:

- a. Minimum Information to be provided to the Committee to approve the Related Party Transactions as prescribed under the SEBI Circular.
- b. Additional information to be provided for specific types of Related Party Transactions as provided in the SEBI Circular for the below:
 - i. Sale/Purchase/Supply of goods or services/any other similar business transaction/trade advances
 - ii. Loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary:
 - iii. Investment made by the listed entity or its subsidiary:
 - iv. Guarantee (including performance guarantee in the nature of security or contractual commitment impacting the issuer monetarily)/surety/indemnity/ comfort letter, by whatever name called, made or given by the listed entity or its subsidiary:
 - v. Borrowing by the listed entity or its subsidiary:
 - vi. Sale/ lease/ disposal of assets of a subsidiary/unit/division/undertaking of the listed entity/disposal of shares of a subsidiary or associate
 - vii. Payment of Royalty
- c. Additional information to be provided for Specific Material Related Party Transactions as provided in the SEBI Circular for the below:
 - Transactions relating to any loans and advances (other than trade advances), intercorporate deposits given by the listed entity or its subsidiary:
 - Investment made by the listed entity/Subsidiary
 - Guarantee (including performance guarantee in the nature of security or contractual commitment impacting the issuer monetarily)/surety/indemnity/ comfort letter, by whatever name called, made or given by the listed entity or its subsidiary
 - Borrowing by the listed entity or its subsidiary
 - Sale/lease/ disposal of assets of a subsidiary or of unit/ division/undertaking of the listed entity/disposal of shares of a subsidiary or associate
 - Payment of Royalty

B. Shareholders:

The explanatory statement of notice of general meeting for an informed decision making about

proposed related party transactions shall provide requisite disclosures as prescribed in the SEBI Circular.

9. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

A list of all the Related Parties in relation to the Company received from the Board shall be updated from time to time.

Basis the above-mentioned list of Related Parties, every department shall, prior to entering into any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

The contract/arrangement shall not be entered in to without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contractor arrangement.

10. AMENDMENTS

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment/modification in the Act or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

11. DISCLOSURE ON WEBSITE

This Policy shall be posted on the website of the Company at www.sunshieldchemicals.com

This Policy was approved by the Board of Directors at its Meeting held on 3rd February 2026