

## **Shivalik Bimetal Controls Limited**

### **Related Party Transactions Policy**

#### **1) PREAMBLE**

- 1.1 The Board of Director(s) of the Company ("the board") has in accordance with Companies Act, 2013 ("the Act") read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") has adopted this policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions.

#### **2) SCOPE AND PURPOSE OF THE POLICY**

- 2.1 The purpose of the policy is to set out (a) the materiality thresholds for related party transactions and material modification thereto and; (b) the manner of dealing with the transactions between 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 w.e.f April 1, 2022 (c) the manner of dealing with the transactions between 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 listed entity or any of its subsidiaries, with effect from April 1, 2023 based on the Act and Regulation 23 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the company. Such transactions shall be deemed appropriate only, if they are in the best interest of the Company and its stakeholder of Shivalik Bimetal Controls Limited ("SBCL").
- 2.2 This policy shall be read with SEBI Circular No SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025 w.r.t Procedural Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction.

#### **3) DEFINITIONS**

- 3.1 All Capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

#### **4) MATERIALITY THRESHOLDS**

- 4.1 Regulation 23 of SEBI Listing Regulations, 2015 requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution.
- 4.2 The Company has fixed its materiality threshold on the basis of regulation 23(1) and 23(1A) of the SEBI Listing Regulations as under:

- a) Payments made to a related party with respect to brand usage or royalty, if materially threshold shall be as per limits specified under SEBI Listing Regulations as amended from time to time.
  - b) Other transactions with Related Parties, in case of any other transaction, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower;
- **Material modification:**
    - a) Variation in the value of the contract as originally approved, by 25% or more: or
    - b) Any novation of the contract or arrangement to a third party; or
    - c) Any modifications to the material related party transactions which were approved by the audit committee or shareholders during the year which will change the complete nature of transaction.

Exclusions while determining the materiality of modifications:

- a) Pursuant to change in law in force.
- b) Pursuant to change in constitution of either of the parties pursuant to schemes of arrangement.
- c) Modification which are purely technical and do not result in substantive change or alteration of rights, interests and obligations of any of the parties.

## **5) RELATED PARTY TRANSACTIONS – FRAMEWORK FOR IDENTIFICATION AND APPROVAL PROCEDURE**

### **5.1 Identification of related parties**

‘SBCL’ 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) and Regulation 23 of SEBI Listing Regulations, 2015.

### **5.2 Identification of related party transactions**

‘SBCL’ has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 23 of SEBI Listing Regulations, 2015. ‘SBCL’ has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm’s length.

All Directors, Senior Management and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence. Further, Directors, Senior Management and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties,

have material interest in any transaction or matter directly affecting the Company.

### **5.3 Procedure for approval of related party transactions**

#### **(i) Approval of the Audit Committee**

All Related Party Transactions and subsequent material modification(s) (other than transactions with wholly-owned subsidiary(ies) or the transactions between wholly owned subsidiary(ies) of the Company), shall be prior approved or ratified by the Audit Committee.

Related Party Transactions of a subsidiary(ies) and subsequent material modifications, to which the Company is not a party shall require prior approval of Audit Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year: (a) exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company; (b) With effect from April 1, 2023, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

Remuneration and sitting fees paid by the listed entity 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 the provisions of sub-regulation (1) of this regulation 23.

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company and its subsidiaries
- The omnibus approval shall provide details of (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:
- However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed 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 and its subsidiaries pursuant to each of the omnibus approval given;
- Such omnibus approval shall be valid for 1 year.

- Any member of the Committee who is interested in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction and only the Independent Directors who are the members of the Audit Committee shall approve related party transaction(s)
- While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
- Nature of the transaction i.e. details of goods or property to be acquired /transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
- market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
- management assessment of pricing terms and business justification for the proposed transaction;
- Comparative analysis, if any, of other such transaction entered into by the company.

## **(ii) Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

**(iii) Approval of the Shareholders of the Company**

- All the material related party transactions including any subsequent material modification(s) thereof, with related parties, (other than transactions with wholly-owned subsidiary(ies) or the transactions between wholly owned subsidiary(ies) of the Company), shall be placed before the shareholders for their prior approval. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- Further, all related party transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed under Section 188 of the Companies Act, 2013 and Rules made thereunder shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all persons/entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the person/entity is a party to the particular transaction or not.

**6) DISCLOSURES**

Related Party Transactions or contract or arrangement entered shall be disclosed in the following manner:

- 6.1 The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.
- 6.2 The Company shall submit to the stock exchanges disclosures of related party transactions within the timeline as prescribed under SEBI Listing Regulations.
- 6.3 As prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website viz. <https://www.shivalikbimetals.com/>.
- 6.4 The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time and publish the same on its website.

## **7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

- 7.1 In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.
- 7.2 In any case, where the Audit Committee determines not to ratify a related party transaction that has commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

## **8) TRANSACTIONS ON WHICH PROVISIONS OF REGULATION 23 DOES NOT APPLY**

- (a) transactions entered into between two public sector 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.
- (d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- (e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

## **9) POLICY REVIEW**

- 9.1 This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every three years and updated accordingly.

## **10) AMENDMENTS**

- 9.1 In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act of Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
- 9.2 This updated policy on dealing with Related Party Transactions is approved by the Board of Directors on this May 29<sup>th</sup>, 2025.