

SHIVA PHARMACHEM LIMITED

Materiality Policy

1. INTRODUCTION

This Policy has been formulated to define the policy pertaining to (1) the identification of material Group Companies and (ii) identification of Material Litigation; in respect of **SHIVA PHARMACHEM LIMITED** (hereinafter Referred as “**SPL**” or the “**Company**”), pursuant to the disclosure requirements under **Schedule VI** of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (“**SEBI ICDR Regulations**”) as amended from time to time.

2. APPLICABILITY AND OBJECTIVE

This policy shall be called the 'Materiality Policy' ("Policy").

The Company has adopted this Policy pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the Issue Documents.

"Issue Documents" means the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, Registrar of Companies, Ahmedabad ("RoC") and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Issue Documents.

In this Policy, unless the context otherwise requires:

- (i) Words denoting the singular shall include the plural and vice versa.
- (ii) References to the words "include" or "including" shall be construed without limitation.

3. PERTAINING TO THE IDENTIFICATION OF MATERIAL GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term 'group companies' includes (i) such companies (other than promoter(s) and subsidiary (ies)) with which the issuer company had related party transactions during the period for which financial information is disclosed in the issue document, as covered under the applicable accounting standards, and (ii) any other companies as considered material by the board of directors of the issuer.

Therefore, as per the requirements of the SEBI ICDR Regulations, Group Companies shall include:

- (i) companies (other than the subsidiary) with which there were related party transactions, during the period for which financial information is disclosed in the Issue Document(s), as covered under the Indian Accounting Standard (Ind AS) 24, i.e., financial information as per the restated consolidated financial statements for three (3) financial years and any subsequent stub period preceding the date of the Offer Document (“Relevant Period”) and
- (ii) Companies as considered material by the Board*.

*A company shall be considered material and disclosed as ‘Group Company’ if a material adverse change in such company, can lead to a material adverse effect on the Company and its revenues and profitability.

For the avoidance of doubt, it is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and / or such other applicable authority with respect to listed companies and that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

For avoidance of doubt, it is clarified that any companies which, in the Relevant Period or subsequent to the Relevant Period, have ceased to be related parties of the Company in terms of Indian Accounting Standard (Ind AS) 24 solely on account of there being no significant influence/ control over such company in terms of Indian Accounting Standard (Ind AS) 24 after the Relevant Period have not been considered as ‘Group Companies’, for the purpose of disclosure in the Offer Documents.

4. Identification of Material Litigation

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its subsidiaries, joint ventures, directors and group companies related to:

- (i) All criminal proceedings;
- (ii) All actions by statutory / regulatory authorities;

- (iii) Taxation - separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (iv) Other pending litigations - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

Other than litigations mentioned in point (i) to (iii) above, any other pending litigation involving the Company, its directors, subsidiaries and group companies shall be considered “material” for the purpose of disclosure in the Offer Documents if:-

- (a) the monetary amount of claim made by or against the Company, its subsidiaries, joint ventures, directors and group companies in any such pending litigation is equal to or in excess of _____% of the Net worth/ Revenue of the Company as provided under restated consolidated financial statements); or
- (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed _____% of the Net worth/ Revenue of the Company as provided under restated consolidated financial statement); and
- (c) any such litigation an adverse outcome of which would materially and adversely affect the Company’s business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.

5. AMENDMENT

The Board (including its duly constituted committees wherever permissible) shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

Effective Date: _____