

## **Related Party Transaction Policy**

### **1. Preamble**

The Board of Directors (the “Board”) of Poly Medicure Limited (the “Company” or “POLYMED”), 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. Related Party Policy is to regulate the transaction(s) between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

### **2. Purpose**

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In line with the requirements of Listing Regulations and provisions of the Companies Act, 2013, the Board of Directors has formulated this policy for identification and proper conduct and documentation of all related party transactions.

### **3. Definitions**

2.1. “Act” means the Companies Act, 2013 including any statutory modifications or re-enactments thereof for the time being in force.

2.2. “Audit Committee” means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and Regulation 18 of Listing Regulations.

2.3. “Board” means the Board of Directors of the Company.

2.4. “Key Managerial Personnel” means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act.

2.5. “Company Secretary” means Company Secretary of the Company appointed under the Act.

2.6. “Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactments thereof for the time being in force.

2.7. “Material Related Party Transaction” means a transaction or transactions to be entered with Related Party(s) individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crore or 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such higher/lower threshold as may be prescribed under the provisions of the Act and Listing Regulations from time to time.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into, either individually or taken together with previous transactions during a financial year, exceeds 5% or such higher/lower percentage of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company as may be prescribed under the provisions of the Act and Listing Regulations from time to time.

2.8. "Related Party" means an entity which is a related party under Section 2(76) of the Act or Listing Regulations.

2.9. "Related Party Transaction" shall mean a transaction, as defined under the provisions of Section 188 of the Act or Listing Regulations.

2.10. "Rules" means the Rules framed under the Act as amended from time to time.

2.11. "Arm's Length Transaction" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

2.12. "Ordinary Course of Business" means a transaction which: a. is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MOA) of the Company as amended from time-to-time (or) b. is a common commercial practice (or) c. meets any other parameters/criteria as decided by the Board/ Audit Committee.

2.13. "Material modification" will mean and include 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.

#### **4. Identification of Related Parties**

On the basis of the disclosures received from the Directors and Key Managerial Personnel from time to time, the Company shall compile and update the list of Related Parties.

#### **5. Review and Approval Process of Related Party Transactions**

5.1.1. All Related Party Transactions and subsequent material modification thereto shall require prior approval of the Audit Committee in accordance with the provisions of the Act and the Listing Regulations for the time being in force before obtaining the approval of the Board of Directors and shareholders, if applicable.

Provided that in case of a Related Party Transaction to which Company is not a party but subsidiary of the Company is a party, prior approval of the Audit Committee of Company shall be required if the value of transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company. With effect from April 1, 2023, aforesaid limit shall be ten percent of the annual standalone turnover as per the last audited financial statements of the subsidiary.

Provided further that the prior approval of audit committee shall not be required in the following cases:

1. Transaction(s) entered by the Company with its wholly owned subsidiary.
2. Transaction(s) entered into between wholly-owned subsidiaries of the company.

Any member of the Audit Committee who has a 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. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

5.1.2. The Audit Committee may grant omnibus approval to one or more Related Party Transactions, which are of repetitive nature. The omnibus approval shall be subject to the following conditions:

a) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;

b) Such omnibus approval shall specify:

(i) Type, material terms and particulars of the proposed transaction;

(ii) Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);

(iii) Tenure of the proposed transaction;

(iv) Value of the proposed transaction;

(v) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for an RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

(vi) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, additional disclosure shall be made in accordance with provisions contained under Listing Regulations:

a. details of the source of funds in connection with the proposed transaction

- nature of indebtedness;
- cost of funds;
- tenure;

b. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security;

c. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction;

(vii) Justification as to why the Related Party Transaction is in the interest of the Company;

(viii) A copy of the valuation or other external party report, if any such report has been relied upon;

(ix) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;

(x) Any other information that may be relevant

Provided that where the need for a Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transaction subject to the transaction value not exceeding Rs.1 crore per transaction as prescribed under the Listing Regulations.

c) Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each omnibus approval.

d) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

e) The Audit Committee shall review status of long-term or recurring Related Party Transaction on an annual basis.

5.1.3. The information in respect of a proposed Related Party Transaction along with complete details should be submitted by the concerned departments / divisions of the Company to the Company Secretary well in advance.

5.1.4. The Company Secretary shall review the information and details of the proposed Related Party Transaction and prepare a detailed note. The note so prepared by the Company Secretary shall be circulated to the Audit Committee members for their approval of the respective Related Party Transaction.

5.1.5. The Company can enter into a contract or arrangement with a related party, with the approval of the Board, if the transaction does not exceed the following limits or amount or such limits as may be prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 from time to time:

a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to 10% or more of the turnover of the company.

b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent amounting to 10% or more of the net worth of the Company.

c) Leasing of property of any kind amounting to 10% or more of the turnover of the company.

d) Availing or rendering of any services, directly or through appointment of agent amounting to 10% or more of the turnover of the company.

e) Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2,50,000.

f) Contract or arrangement in respect of remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding 1% of net worth of the Company.

5.1.6. Following related party transactions shall be approved by the shareholders of the Company through requisite resolution after obtaining the approval from Board of directors.

a) Transaction exceeding the limits specified in clause 5.1.5 above

b) Material related party transactions.

c) Related Party Transaction which is not in the ordinary course of business or not at arm's length basis.

d) All material modification to a material related party transactions approved earlier by shareholders

Provided that requirement of shareholders' approval shall not be applicable for material related party transactions including all material modifications thereto in the following cases:

1. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
2. Transactions entered into between the wholly owned subsidiary of the Company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

Where the transaction(s) is being entered into between a listed subsidiary and a related party (and not the Company itself) and provisions of Regulation 23 and 15(2) are applicable on the listed subsidiary, prior shareholders' approval will not be required.

## **5.2. Ratification of Related Party Transaction**

In circumstances of necessity or exigencies, a contract or arrangement can be entered into with a related party, without obtaining the consent of the Board or approval by shareholders in general meeting as the case may be, but in, such a case, the consent of the Board or approval of the shareholders shall be obtained within three months of the date on which the contract or arrangement made.

## **6. Amendment**

The Board of Directors shall have the right to modify, amend or change any or all the clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /SEBI Regulations or otherwise. In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ SEBI Regulations, which is not in consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. The Policy will be available at the Company's website at [www.polymedicure.com](http://www.polymedicure.com)