



GENPHARMASEC LIMITED

(Formerly Known as Generic Pharmasec Limited)

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS



1. INTRODUCTION

The Board of Directors (the "Board") of Genpharmasec Limited (Formerly known as Generic Pharmasec Limited) (the "Company"), has adopted the policy and procedures with regard to Related Party Transactions (including materiality of related party transactions and dealing with related party transactions) in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy shall regulate transactions between the Company and its subsidiaries with its Related Parties based on the laws and regulations applicable to the Company.

2. PURPOSE

This policy is framed as per requirements of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter referred to as 'the Listing Regulations' and the provisions of Companies Act, 2013 (the "Act") including Rules made there under, as amended from time to time and intends to ensure proper governance and reporting of transactions between the Company and its Related Parties.

3. DEFINITIONS

- **Arm's length transaction** means a transaction between 2 (two) related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- **Audit Committee or Committee** means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.
- **Board of Directors or Board** means the Board of Directors of Genpharmasec Limited (Formerly known as Generic Pharmasec Limited), as constituted from time to time.
- **Key Managerial Personnel** in relation to a company, means—
 - a) the Chief Executive Officer or the Managing Director or the Manager;
 - b) the Company Secretary;
 - c) the Whole-time Director;
 - d) the Chief Financial Officer; and
 - e) such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the Board; and
 - f) such other officer as may be prescribed under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.



➤ **Material Related Party Transaction –**

- a) A transaction with a related party shall be considered material, if the transaction(s) 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 listed entity as per the last audited financial statements of the Company, whichever is lower.
- b) Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds **5%** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- c) Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds **5%** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- d) Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds **5%** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- **Material Modification** means any modification to the existing transaction, approved by the Audit Committee or the Board as the case may be, with the Related Party shall be considered as material modification, if such change results into variation in the transaction value exceeding 10% (Ten percent) of transaction approved by the Audit Committee or Board as the case may be, or subsequent modifications from time to time or change in the material terms of transaction.

Audit Committee of the Company may determine material modification to any approved related party transaction on a case-to-case basis.

- **Related Party** means a related party as defined under regulation 2(1)(zb) of Listing Regulations, sub-section 2(76) of the Act or under the applicable Accounting Standards, as may be amended/ modified from time to time.



- **Related Party Transaction** shall mean all transactions as defined under Section 188 of the Act and Regulation 23(1)(zc) of the Listing Regulations as may be amended from time to time and such Related Party Transaction regardless of whether a price is charged and involving transfer of resources, services or obligations between:
 - i) 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; or
 - ii) 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 Company or any of its subsidiaries (This clause shall come into effect from April 1, 2023);

- **Relative** means anyone who is related to another, if-
 - i) they are members of a Hindu Undivided Family
 - ii) they are husband and wife
 - iii) Father (including step father)
 - iv) Mother (including step mother)
 - v) Son (including step son)
 - vi) Son's wife
 - vii) Daughter
 - viii) Daughter's husband
 - ix) Brother (including step brother)
 - x) Sister (including step sister)

- **Ordinary course of business** means transactions that are connected to or necessary for business of the Company and satisfy the following principles:
 - i) The transaction is permitted under the Memorandum of Association of the Company;
 - ii) The transaction is carried on a frequent or regular basis or is as per the industry practice;
 - iii) The transactions, if not frequent, are important and in furtherance to the business objectives of the Company;
 - iv) This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.



4. **POLICY**

All Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy.

4.1 Identification of Related Party

Each Director and Key Managerial Personnel (KMP) and every other related party is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/ her relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. Each Director and Key Managerial Personnel (KMP) shall issue General Notice of Disclosures to the Company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

4.2. Process for approval to Related Party Transactions

Approval of Audit Committee:

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Further, only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Related party transaction to which the subsidiary of a listed entity is a party, but the listed entity is not a party shall require prior approval of Audit Committee:

- i) if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;
- ii) if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the said subsidiary with effect from April 1, 2023;

However, prior approval of the Audit Committee shall not be required for a related party transaction to which the listed subsidiary of the Company is a party, but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary.



In case of related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

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 this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the Company;
- c) The requisite information is presented to the Audit Committee's satisfaction to confirm that the transaction is entered in the ordinary course of business and on arm's length basis;
- d) 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.

- e) Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.
- f) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.



Approval of Board of Directors

All Material Related Party Transactions which are subject to the approval of the shareholders of the Company shall require approval of the Board at a meeting thereof. Further, all Related Party Transactions which are not in the ordinary course of business or not on an arm's length basis shall require the prior approval of the Board at a meeting thereof.

Approval of Shareholders

Prior approval of shareholders shall be required in case of all material related party transactions and subsequent material modifications to the transactions.

However, no prior approval of shareholders would be necessary in case of related party transaction to which the listed subsidiary is a party, but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

All individuals/ entities falling under the definition of related parties shall not vote to approve irrespective of whether the entity is a party to the transaction or not.

4.3. Criteria for recommendation of Related Party Transactions

All Related Party Transactions and their subsequent material modifications must be reported to the Audit Committee for its prior approval in accordance with this Policy. The Committee shall review the transaction and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain himself/herself from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction as prescribed under applicable regulations. In determining whether to approve a Related Party Transaction, the Committee will consider inter- alia the following factors, to the extent relevant to the 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 the Company was notified about the Related Party Transaction before its commencement and any other factors as the Committee deems relevant.

Exclusions

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board or Shareholders, subject to the applicable provisions of the Act and the Rules made thereunder and as per the Listing Regulations:

- i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii) Any transaction 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.
- iii) Any transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated and placed before the shareholders at the general meeting for approval.
- iv) Issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- v) Following corporate actions by the Company which are uniformly applicable/ offered to all shareholders in proportion to their shareholding:
 - i) payment of dividend;
 - ii) subdivision or consolidation of securities;
 - iii) issuance of securities by way of a rights issue or a bonus issue; and
 - iv) buy-back of securities.



5. **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

Where any contract or arrangement is entered into by a director or any other employee with a related party, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case maybe of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and if is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it:

The above provisions shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

6. **DISCLOSURES**

The Company shall make appropriate disclosures in Financial Statements, Board's Report and to Stock Exchanges as required under the Act, the Listing Regulations and applicable Accounting Standards, as amended from time to time. The said disclosures shall be placed on the Company's website at www.genpharmasec.com

The Policy on dealing with Related Party Transactions shall be disclosed on the Company's website and a web link thereto would be disclosed in the Annual Report.



7. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are 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.

However, the Board shall review the Policy at least once in every three years and update accordingly.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent 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.