



EMCURE PHARMACEUTICALS LIMITED

RELATED PARTY TRANSACTIONS POLICY

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Introduction:

In accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“**SEBI Listing Regulations**”), as amended, every listed company is required to adopt a policy on materiality of related party transactions and on dealing with related party transactions (the “**Related Party Transactions Policy**” / the “**Policy**”).

The Policy *inter-alia* governs the transactions with the Related Parties keeping in view the potential or actual conflict of interest which may arise upon the transactions entered into by the Company and whether such transactions are consistent with the interest of the Company and its members.

Objective/Purpose:

The Policy has been framed in accordance with the provisions of Regulation 23 of the SEBI Listing Regulations. The Related Party Transactions shall be entered into by the Company, in accordance with the Policy.

The Policy is also intended to ensure proper approval and reporting of transactions between the Company and any ‘Related Party’, as defined in the Companies Act, 2013 and SEBI Listing Regulations.

Definitions:

“**Related Party**” shall be as defined under the Companies Act, 2013 read with the Rules framed thereunder, the applicable Accounting Standards and as defined under the SEBI Listing Regulations (as amended from time to time).

Further,

(a) any person or entity forming part of the promoter or promoter group of the Company; or

(b) any person or any entity, holding equity shares of ten per cent or more

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party.

“**Relative**” shall mean relative as defined under the Companies Act, 2013 and includes anyone who is related to another, in any one of the following manner:

- i. Member of the Hindu Undivided Family
- ii. Spouse
- 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)

"Key Managerial Personnel" (KMP) shall mean key managerial personnel as defined under the Companies Act, 2013 from time to time, and presently mean:

- i. the Managing Director or the Chief Executive Officer or the manager
- ii. the Whole-time Director;
- iii. the Company Secretary;
- iv. the Chief Financial Officer;
- v. 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
- vi. Such other officer as may be prescribed.

"Associate Company" in relation to another company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation:

- a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;
- b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

"Related Party Transaction" shall mean related party transaction as defined under Regulation 2(zc) of the SEBI Listing Regulations, as amended from time to time, and means a transaction involving a 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.

"Material Related Party Transactions" means any transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeds Rs. 1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Any transaction/ transactions involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction/ transactions to be entered into individually

or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modification” means any modifications to the related party transactions which were approved by the Audit Committee, Board and/or Shareholders which has the effect of variation in the approved value of transaction by 20% or more of the originally approved transaction or by which the transaction ceases to be in ordinary course and/or on arm’s length basis or such other parameter as may be determined by the Audit Committee from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI Listing Regulations or any other applicable law.

Review & Approval of the Related Party Transactions:

1. The Audit Committee (the Committee) of the Board shall review and, if considered appropriate, approve all the Related Party Transactions and subsequent material modifications.
2. Only those members of the Audit Committee, who are Independent Directors, shall approve the Related Party Transactions.
3. While considering the Related Party Transactions, the Committee shall be presented with all relevant material information of the transaction *inter-alia* including the following information:
 - i. The name of the Related Party and the basis on which such person or entity is a Related Party;
 - ii. The Related Party’s interest in the transactions, including the Related Party’s position or relationship with, or ownership of, any entity that has an interest in the transactions;
 - iii. The approximate monetary value of the transactions of the Related Party’s interest in the transactions;
 - iv. General description of the transactions, including material terms and conditions, if any;
 - v. in case of guarantees issued, the aggregate amount of guarantees and commission, if any, to be payable on such guarantees;
 - vi. An assessment of whether the transactions are on terms that are comparable with the terms available to unrelated parties or to the employees generally; and
 - vii. Any other material information regarding the transactions or the Related Party’s interest in the transactions, as relevant.

The transactions shall be approved only if it is determined by the Committee that such transactions are:

- i. In the best interests of the Company and its members;
- ii. To be entered into by the Company (or its subsidiary or associate company) on terms that are comparable to those that would be obtained in arm’s length transactions with unrelated parties; and
- iii. In the ordinary course of the business of the Company.

“Ordinary course of business for this purpose will cover the businesses of the Company and usual transactions, customs and practices of a business and would include activities to be carried out incidental to or to facilitate the business of the Company and is usual or customary to the Company and/or providing the necessary support (financial or otherwise) to the subsidiaries.

4. No member of the Committee shall participate in the review, consideration or approval of any Related Party Transactions with respect to which such member or any of his/her relative is a Related Party.
5. If any material information with respect to such transactions shall change subsequent to the Committee’s review of such transactions, the Committee shall be presented with the updated information for its approval.
6. Related party transaction to which the subsidiary is a party but the the Company is not a party, shall require prior approval of the 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, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Approval of the Board and the Shareholders:

The approval of the Board and/or the shareholders shall be obtained in accordance with the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, as required.

In accordance with the SEBI Listing Regulations, all Material Related Party Transactions and subsequent material modifications as defined under this Policy or as determined by the Audit Committee, shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Omnibus Approval of the Audit Committee:

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

1. The 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 transactions which are repetitive in nature;
2. The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
3. 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, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction.

- iv. The Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given;
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one financial year.

Related Party Transactions not approved under the Policy:

In the event of entering into a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee.

The Committee shall consider 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.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements as specified in the Policy.

Related Party Transactions not previously approved:

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the necessary approvals and if such transaction is not ratified by the Committee, 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/arrangement shall be voidable at the option of the Board 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.

The Company may proceed against a Director or any other employee who had entered into such contract or arrangement in contravention of the Policy for recovery of any loss sustained by the Company as a result of such contract or arrangement and shall take any such action, it may deem fit.

Transactions which do not require approval:

The following Related Party Transactions shall not require prior approval of the Audit Committee or the Board or the Shareholders, unless applicable law requires otherwise:

1. Any transaction(s) between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval; or

2. Any transaction entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, amongst others.
3. Any transaction that involves reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, to a Director or KMP.
4. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

Transaction not considered as Related Party Transactions:

The following shall not be considered as Related Party Transactions:

1. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
2. the 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.
3. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of Related Party Transactions every six months to the Stock Exchange(s), in the prescribed format.

Disclosures:

1. The Company shall disclose, in the Board's Report, transactions prescribed in Section 188(1) of the Companies Act, 2013 with the Related Parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
2. The details of Material Related Party Transactions will be included in the quarterly Corporate Governance Reports, which are required to be submitted to the Stock Exchanges pursuant to SEBI Listing Regulations.
3. The Company shall submit to the Stock Exchanges disclosures of Related Party Transactions in the format as specified by SEBI from time to time, and publish the same on its website. The Company shall make such disclosures every 6 months on the date of publication of its standalone and consolidated financial results.
4. The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report of the Company.

Review:

This Policy shall be reviewed by the Audit Committee once in three years and shall amend/ alter/ modify this Policy as may be required in accordance with the applicable laws, rules and regulations or otherwise. Any changes or modification in the Policy as recommended by the Committee shall be presented to the Board for their approval.

In case of any change/amendment in applicable laws/regulations, the Policy shall stand modified to that extent.

<i>Sr. No.</i>	<i>Version No.</i>	<i>Date of Approval</i>
<i>1.</i>	<i>Ver. 1 – Adoption of the Policy</i>	<i>December 15, 2023</i>