



# Marksans Pharma Ltd.

## **POLICY ON RELATED PARTY TRANSACTION** [Pursuant to Clause 49.VII.C of the Listing Agreements]

Marksans Pharma Limited (the Company) believes in transparency in dealings with persons who are considered as related to the Company so that interest of stakeholders in the Company that includes shareholders, financiers, customers, suppliers, government is protected and meet the desired objective of good corporate governance practices.

To achieve these objectives and in accordance with the provisions of Section 188 of the Companies Act, 2013 and Clause 49 of Listing Agreement, the Company has formulated a policy for observance in dealings with the related party transactions.

### **1. Definitions:**

**“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest. These transactions are entered into in the normal course of business without giving any special preference / benefit /treatment to the related party.

**“Related Party”** means (i) persons as described in Section 2(76) of the Companies Act, 2013; or (ii) Parties are considered to be related, if at any time during the financial year one party has ability to control the other party or exercise significant influence over the other party in making financial and/or operating decision.

**“Related Party Transaction”** means transaction between the Company and related party under Section 2(76) of the Companies Act, 2013 as envisaged in sub section (1) of Section 188 of the said Act or transaction between the Company and related party as envisaged under the Accounting Standard (18) on related party.

**“Transaction”** means transaction with a related party shall be construed to include single transaction or group of transactions.

**“Transaction in Ordinary Course”** means transaction in ordinary course of business includes transaction which the company deals regularly or enter in the normal course of its business.

### **2. Materiality Threshold:**

Materiality threshold for transaction with a related party during a financial year beyond which the shareholders approval will be required by way of a special resolutions has been fixed 10% of the annual consolidated turnover of the company as per the last audited financial statements.

### **3. Identification of related Parties**

A list of related parties as prescribed under Section 2(76) of the Companies Act, 2013 read with Rules framed thereunder and as per accounting standard (AS 18) on related party pursuant to clause 49 of the Listing Agreement shall be identified and updated periodically.

### **4. Dealing with Related parties transaction:**

The Company has formulated guidelines to determine, whether the transaction is in the ordinary course of business and at arm’s length basis. In case of doubt the company may take external professional opinion.



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## **5. Procedure for approval of related Party Transaction:**

All the related party transactions shall require prior approval of Audit Committee. However, the company may obtain omnibus (ad hoc) approval in advance from the Audit Committee for repetitive transactions subject to compliance with following conditions:

- The Audit Committee shall lay down the criteria for granting the ad hoc approval in line with this Policy and such approval shall be applicable in respect of transactions of repetitive nature.
- The Audit Committee shall satisfy itself the need for such ad hoc approval and that such approval is in the interest of the Company.
- The ad hoc approval shall provide details of:
  - (i) the name of related party
  - (ii) nature of transaction
  - (iii) period of transaction
  - (iv) maximum amount of transaction
  - (v) indicative base price/current contractual price and formula for variation in the price, if any.
  - (vi) such other conditions as Audit Committee may deem fit.

However, in case of related party transaction which cannot be foreseen and where the abovesaid details are not available, Audit Committee may grant ad hoc approval for such transaction subject to their value does not exceed Rs.1 crore per transaction or such limit of the amount as may be revised under clause 49 of the Listing Agreement.

The Audit Committee shall review on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the ad hoc approval given. Such ad hoc approval shall be valid for one year.

## **6. Approval of Board of Directors**

Approval of Board of Directors shall be required for all transactions, specified under Section 188 of the Companies Act, 2013, which are:

- (i) not in ordinary course of business,
- (ii) in the ordinary course of business but not at arm's length basis,
- (iii) transactions meeting the materiality threshold laid down in clause 2 hereinabove, which are intended to be placed before the shareholders, are placed before the Board.

## **7. Approval of the shareholders of the Company:**

All transactions with related parties meeting the materiality threshold, laid down in clause 2 of the policy, shall require approval of the shareholders by way of special resolutions. For this purpose related parties who are directly related to the transactions shall abstain from voting.

8. Approval of the Board of Directors and Shareholders referred to in clauses 6 and 7 will not apply to transactions entered into by the Company with its wholly owned subsidiary companies.

## **9. Modification of Policy:**

This Policy shall automatically get amended to the extent, it is not in line with the provisions of the Companies Act, 2013 as amended from time to time and Rules framed thereunder and/or amendment in Clause 49 of the Listing Agreement.