



Marksans Pharma Ltd.

POLICY ON RELATED PARTY TRANSACTION

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 Regulation 23 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 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.

“Materiality Threshold” means 10% of the annual consolidated turnover of the Company as per the last audited financial statements.

2. 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 shall be identified and updated periodically.

3. Dealing with Related Parties Transaction:

The Company shall determine, on case to case basis, whether a 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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4. Procedure for approval of related Party Transaction:

Approval and Review by Audit Committee

(a) All the related party transactions shall require prior approval of Audit Committee. The Audit Committee shall consider all relevant factors while deliberating on the related party transactions for its approval. Any member of the Audit Committee who is a related party, will abstain from discussion and voting on the approval of the related party transaction, irrespective of whether he/she is a party to the particular transaction or not.

(b) However, the Audit Committee may grant an omnibus/blanket approval in respect of related party transactions which are repetitive/routine/regular in nature. Such approval would however be subject to the following conditions:

1. The omnibus/blanket approval will be in respect of transactions which are repetitive/routine/regular in nature and relates to goods and services in which the Company regularly deals in its normal course of business and at arm's length basis.
2. The omnibus/blanket approval will not cover transactions in respect of fixed assets, investments and undertakings of the Company.
3. The maximum value of all the transactions, in aggregate with all the related parties during a financial year for which the omnibus/blanket approval will be applicable will be 25% of the annual consolidated turnover of the Company as per the last audited financial statements.
4. The maximum value of a single transaction that will be covered under the omnibus/blanket approval will be 10% of the annual consolidated turnover of the Company as per the last audited financial statements.
5. The Audit Committee shall satisfy itself the need for such omnibus/blanket approval and that such approval is in the interest of the Company.
6. The 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.
7. However, Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus/blanket approval for related party transactions that cannot be foreseen and for which the aforesaid details are not available upto a value of Rs. 1 (one) Crore per transaction.
8. The Audit Committee shall review on a quarterly basis, the details of the related party transactions entered into by the Company pursuant to each of the omnibus/blanket approval given.
9. The omnibus/blanket approval shall be valid for one financial year only and after the expiry of the said financial year, a fresh omnibus/blanket approval will be required.
10. The Audit Committee will specify criteria for granting omnibus/blanket approval in line with the above terms.



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Approval and Review of Board of Directors

Approval of Board of Directors shall be required for all related party transactions which are:

- (i) not in the ordinary course of business,
- (ii) in the ordinary course of business but not at arm's length basis.

Any member of the Board of Directors who is a related party, will abstain from discussion and voting on the approval of the related party transaction, irrespective of whether he/she is a party to the particular transaction or not.

Approval of the shareholders of the Company

All transactions with related parties during a financial year exceeding the Materiality Threshold shall require approval of the shareholders by way of a resolution. A shareholder who is a related party, will abstain from discussion and voting on the approval of the related party transaction, irrespective of whether he/she is a party to the particular transaction or not.

5. Exemptions

Approval of the Audit Committee would not be required for the related party transactions entered into by the Company with its wholly owned subsidiaries and with other related parties if the transactions are within the ambit of the omnibus/blanket approval.

Approval of the Board of Directors would not be required for the related party transactions which are in the ordinary course of business and on arm's length basis.

Approval of the shareholders would not be required for the related party transactions which are in the ordinary course of company's business and entered on arm's length basis or the value of which does not exceed the Materiality Threshold or the related party is a wholly owned subsidiary.

6. The Audit Committee/Board of Directors shall be provided with all relevant material information of the related party transactions to enable them to review and approve (if required) a related party transaction. Further, a statement giving details of all the related party transactions entered into by the Company shall be placed periodically before the Audit Committee for review.

7. Interpretation and Amendment

This policy shall be subject to the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such case shall be final. In interpreting such term / provision, the Audit Committee may consult the Board or may take help of any of the officers of the Company or an outside expert as it may deem fit.

The Board of Directors of the Company shall have the power to amend any provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy, subject to the same being in compliance with the applicable laws as aforesaid.

This Policy has been approved by the Board of Directors of the Company at its meeting held on 10th November, 2015.
