



Policy on Related Party Transactions

1. Objective:

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made there under (the Act), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended or re-enacted from time to time and which relate to the identification of the Related Parties (as defined in Clause 2 below) and governance & approval of the Related Party Transactions, (as defined in Clause 2 below), wherever required.

2. Definitions:

2.1 Arms' Length Transactions:

"Arm's Length Transaction" shall mean:

- (a) The transaction carried on between the Company and the Related Party on similar terms and conditions as of a unrelated party, including the price, and
- (b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-tax Act, 1961.

2.2 Close members:

"Close members" of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

- (a) that person's children, spouse or domestic partner, brother, sister, father and mother;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

2.3 Control:

An investor "**controls**" an investee if and only if the investor has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns

2.4 "Key Managerial Personnel" (KMP) means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Key Managerial Personnel as per sub-section (51) of section 2 of the Companies Act, 2013

"Key Managerial Personnel", in relation to a company, means –

- (i) the Chief Executive Officer or the Managing Director or the Manager;

- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed;

Key Management Personnel as per Indian Accounting Standard (Ind AS) 24

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

2.5 Material Transactions:

A Transaction(s) with a Related Party shall be considered material if the transaction(s) to be entered into with a Related Party individually or taken together with previous transaction(s) during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

2.6 Ordinary Course of Business:

The term "Ordinary Course of Business" shall mean and include:

- (i) the usual transactions, customs and practices carried on generally in the Pharmaceutical Industry and also by the Company as well. However, it shall not include the following transactions:
 - (a) Complex equity transactions such as corporate restructuring or acquisitions.
 - (b) Any unusual transactions with an off shore entities.
 - (c) Leasing of surplus space in the premises or rendering of management services by the Company to any Related Party without adequate consideration, and vice versa.
 - (d) Sales transactions with unusually large discounts or returns.
 - (e) Transactions with circular arrangements viz. sales with a commitment to repurchase.
 - (f) Transactions under contracts, whose terms are changed before expiry having material adverse impact on the Company
- (ii) In the light of (i) above, the following transactions shall, inter alia, be deemed to have been made in the ordinary course of business:
 - (a) Any transaction covered in the Main Objects or the Objects incidental to attainment of the Main Objects, as envisaged in the Memorandum and Articles of Association of the Company.
 - (b) Any transaction which is usually carried on by any Pharmaceutical Company within India or overseas.
 - (c) Any transaction which has been done by the Company frequently in the last three years.

2.7 Person: "Person" shall mean individual.

2.8 Related Party:

"Related Party" as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable Accounting Standards.

'Related Party' as per Section 2(76) of the Companies Act, 2013 with reference to a company, means

- i) a director or his relative;
- ii) a key managerial personnel or his relative ;
- iii) a firm, in which a director, manager, or his relative is a partner;
- iv) a private company in which a director or manager or his relative is a member or director;
- v) a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii) any person on whose advice, directions or instructions a director or manager is accustomed to act; Provided that nothing in sub clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii) any company which is – (A) a holding, subsidiary or an associate of such company; or (B) a subsidiary of a holding company to which it is also a subsidiary;
- ix) such other persons as may be prescribed;

As per Rule 3 of Companies (Specification of definitions details) Rules, 2014, a director, other than an independent director, or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be related party.

Related Party as per Indian Accounting Standard (IND AS) 24

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i) has control or joint control# of the reporting entity;
 - ii) has significant influence# over the reporting entity; or
 - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) Both entities are joint ventures of the same third party.

- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi) The entity is controlled or jointly controlled by a person identified in (a).
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.9 Relative:

“Relative” in respect of the Company’s Directors and Key Managerial Personnel shall mean and include the following:

- (i) Members of HUF
- (ii) 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

2.10 Related Party Transaction(s):

As per Regulation 2(zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 “Related Party Transaction” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

As per Indian Accounting Standard (Ind AS) 24 “Related Party Transaction” is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

As per Section 188 of the Companies Act, 2013, “Related Party Transaction” shall mean any contract or arrangement with a related party with respect to –

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party’s appointment to any office or place of profit in the company, its subsidiary company or Associate company; and
- underwriting the subscription of any securities or derivatives thereof, of the company.

2.11 Significant influence:

“Significant Influence” is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

3. Identification of Related Parties:

3.1 Each Director or Key Managerial Personnel whenever wishes to enter into a Related Party Transaction with entities involving either Director or Key Managerial Personnel or his /her Relative, shall disclose his interest to the Company by giving a Notice to the Company along with all the relevant details and documents.

3.2 Notice of any Related Party Transaction, referred to in Clause 3.1, shall be given well in advance so that the Company has adequate time to obtain additional information or document about the proposed Related Party Transaction, if necessary, which is required to be placed before the Audit Committee to enable it to approve the Related Party Transaction.

3.3 Every Director, Key Managerial Personnel shall also make annual disclosures as under:

- a. List of Relatives/close members as defined in Clause 2 above.
- b. List of private companies where the Company's Director, Manager or his relative(s) is either a director or a member.
- c. List of firms where the Company's director or his relatives are partner.
- d. List of Public companies in which any RPGLS's director is also a director and he, along with his/her relatives also holds more than 2% of the shareholdings.

3.4 Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures mentioned in Clause 3.3.

4. Review and Approval of Related Party Transactions

4.1 Approval by the Audit Committee:

4.1.1. The Company shall not enter into any Transactions with any Related Party without prior approval of the Audit Committee. However, 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) such approval shall be applicable in respect of transactions which are repetitive in nature.

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

(c) 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.

(d) Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.

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

4.1.2. The Notices referred to in Clause 3.1 above received by the Company from the Directors, Key Managerial Personnel shall be forwarded to the Company Secretary with a direction to convene a meeting of the Audit Committee.

4.1.3. The Company Secretary shall convene the meeting of the Audit Committee, as directed, and shall place all the relevant information/documents relating to the proposed Related Party Transaction(s) before the Audit Committee, which inter- alia shall include:

- (a) The name of the Related Party and nature of relationship;
- (b) The nature, duration and particulars of the contract or arrangement; such as business purpose of the transaction, the benefit of the contract or arrangement to the Company/Related Party etc.
- (c) The material terms and conditions of the contract or arrangement including the value, if any;
- (d) Any advance paid or received for the contract or arrangement, if any;
- (e) The manner of determining the pricing and other commercial terms, both included as part of contract and also not considered as part of the contract;
- (f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (h) Any other information relevant or important for the Audit Committee and/or Board of Directors to take a decision on the proposed Related Party Transaction.

4.1.4. The Audit Committee will consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

4.1.5. If any member of the Audit Committee is interested in any Transaction with a Related Party, such member shall not be present at the Audit Committee Meeting, neither during the discussions on the subject matter nor at the time of voting on the resolution relating to such Related Party Transaction.

4.2 Approval of the Board:

4.2.1. The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:

- a. Transactions not in arm's length.

- b. Transactions not in ordinary course of business.
 - c. Material transactions defined in Clause 2.
- 4.2.2. The Board of Directors shall consider the information/documents placed before it and either approve or reject the proposed Related Party Transactions with a Related Party, referred to in Clause 4.2.1.
- 4.2.3. If any director is interested in any Transaction with the Related Party, he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Transaction.

4.3 Approval by the Shareholders:

- 4.3.1. All Related Party Transactions which are not in the Ordinary Course of Business and/or are not at Arms' Length Basis and are exceeding the limits mentioned in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of the shareholders through requisite resolution and all the Related Parties to the contract or arrangement shall abstain from voting on such resolution.
- 4.3.2. All the Material Related Party Transactions (other than transactions entered into by the Company with its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) require prior approval of the shareholders through requisite resolution and all entities falling under the definition of Related Parties are to abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.
- 4.3.3. If the approval of the shareholders is proposed to be sought at the General Meeting, the Board of Directors shall fix the date of such General Meeting and shall also approve the Notice and the Explanatory Statement of the same. The Explanatory Statement to be attached to such Notice shall inter alia include the following particulars:
- a. Name of the Related Party;
 - b. Nature of relationship;
 - c. Nature, material terms, monetary value and particulars of the contract or arrangement;
 - d. Any other information which is relevant to enable the shareholders to take an informed decision.
- 4.4.4. In case approval is proposed to be sought through Postal Ballot, the Board of Directors shall approve the Notice and Explanatory Statement (including therein the particulars mentioned in (a) to (d) above) of the same and the requisite Resolution proposed to be passed by the shareholders.

5. Ratification of Related Party Transactions in exceptional cases:

- 5.1. Any transaction, contract or arrangement entered into by the Company with a Related Party, without obtaining the consent of the Board of Directors or approval of shareholders in General Meeting, can in genuine cases be ratified by the Board of Directors or the shareholders at a General Meeting, as permitted in the Act.
- 5.2. If the approval sought from the Board of Directors and the shareholders is not obtained, the transaction, contract or arrangement shall stand cancelled with immediate effect and the Director shall be liable to indemnify the losses, if any, caused to the Company on account of the said Related Party Transaction.
- 5.3. For the purpose of indemnification of loss, it will be open for the Company to proceed against a Director who had entered into such contract or arrangement in contravention of the provisions of the Act, for recovery of such loss.

6. Disclosures:

- 6.1. Details with respect to Related Party Transactions are to be disclosed to the Stock Exchanges in the compliance report on corporate governance.
- 6.2. The policy on dealing with Related Party Transactions is to be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
- 6.3. A Register pertaining to Related Party Transactions should be maintained by the Company in accordance with the Companies Act, 2013
- 6.4. Disclosure regarding Related Party relationship and transactions to be made in the Financial Statements as per the requirements of relevant Accounting Standards and the Listing Regulations.

7. Miscellaneous:

- 7.1. This Policy shall be deemed to have come into force w.e.f. date of its adoption.
- 7.2. 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. 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.