

Jenburkt Pharmaceuticals Limited

**POLICY ON RELATED PARTY
TRANSACTIONS**



POLICY ON RELATED PARTY TRANSACTIONS

I. Objective:

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder (the Act), Accounting Standards issued by the Institute of Chartered Accountant of India and Clause 49 of the Listing Agreement (Clause 49), as amended or re-enacted from time to time and which relate to the identification of the Related Parties (as defined in Clause II D below) and governance & approval of the Related Party Transactions, (as defined in Clause II F below), wherever required.

II. Definitions:

A. Arm's Length Transactions:

The expression "Arm's Length Transaction" shall mean:

1. 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
2. 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.

B. Material Transactions:

A Related Party 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 the threshold limit set by the Companies Act, 2013 and Rules made thereunder.

C. Ordinary Course of Business:

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

1. the usual transactions, customs and practices carried on generally in the healthcare and 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
2. In the light of (1) 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 or the other objects, as envisaged in the Memorandum and Articles of Association of the Company.
 - b. Any transaction which is usually carried on by any Company having similar business within India or overseas.
 - c. Any transaction which has been done by the Company frequently in the last three years.
 - d. Any transaction done with a Related Party on similar basis as of a Third Party.
- D. Related Party:** “Related Party” or “Related Parties” shall mean and include the following:
1. the persons/ entities defined in Section 2(76) of the Act
 2. A person or entity related to the Company as described in Clause 49 VIIB of the Listing Agreement entered into with the Stock Exchanges, as amended from time to time.
 3. The following will, however, not be deemed Related Parties:
 - a. a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and
 - b. the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process):
 - i. providers of finance;
 - ii. trade unions;
 - iii. public utilities;
 - iv. government departments and government agencies including government sponsored bodies.
 - c. Contributions made by the Company to an approved charitable organization of which a Related Party is a trustee provided that the contribution given do not exceed Rs. 500 lacs in any financial year.
- E. 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, including step daughter,
- viii. Daughter's husband
- ix. Brother, including step brother
- x. Sister, including step sister

F. Related Party Transaction(s):

1. A Related Party Transaction(s) shall mean the transactions, contracts and arrangements prescribed in Section 188 of the Act, & Clause 49 and shall include transfer of any resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged or not. The following transactions shall, inter alia, qualify to be Related Party Transactions:
 - a. Sale, purchase or supply of any goods or materials;
 - b. Selling or otherwise disposing of, or buying, property of any kind;
 - c. Leasing of property of any kind;
 - d. Availing or rendering of any services;
 - e. Appointment of any agent for purchase or sale of goods, materials, services or property;
 - f. Such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
2. For the purposes of this Policy, the words "Contract or Arrangement" shall include the "Transactions" which are used inter-changeably.

III. Identification of Related Parties:

- A. Each Director, Key Managerial Personnel whenever wishes to enter into a Related Party Transaction with the Company involving either him/ her or his /her Relative, shall give a Notice to the Company along with all the relevant details and documents.
- B. Notice of any Related Party Transaction, referred to in Clause III A, 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.
- C. Every Director, Key Managerial Personnel shall also make annual disclosures as under:
 1. List of Relatives as defined in Clause II E above.



2. List of private companies where the Company's Director or his relative is either a director or a member.
 3. List of firms where the Company's director or his relatives are partner.
 4. List of Public companies in which any director of the Company is also a director and he, along with his/her relatives also holds more than 2% of the Share Capital.
- D.** Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures mentioned in Clause III 3

IV. Review and Approval of Related Party Transactions

A. Approval by the Audit Committee:

1. The Company shall not enter into any Related Party Transactions with any Related Party without prior approval of the Audit Committee.

The Notices referred to in Clause III.A 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.

2. 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. 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.
3. 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. If any member of the Audit Committee is interested in any Related Party 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.



B. Approval of the Board:

1. The following Material 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 II B.
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 IV. B .1.
3. The Board of Directors shall also obtain approval of the shareholders by way of a Special Resolution for the approval of the Material Related Party Transactions, if so required.
4. The Board of Directors shall, for the purpose of Clause IV. B. 3., decide whether the approval of the Material Related Party Transactions by a resolution to be passed by the shareholders shall be sought at the General Meeting or through Postal Ballot.
5. 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.
6. 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) of Clause IV. B. 5 of the same and the Resolution proposed to be passed by the shareholders.
7. If any director is interested in any Related Party 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 Related Party Transaction.

C. Approval by the Shareholders:

1. No transaction, contract or arrangement referred to in Clause IV B 1 and require prior approval of shareholders shall be carried out/entered into with a Material Related Party, without the prior approval of the shareholders by way of a Resolution.



2. The Notice and Explanatory Statement for approval of the Related Party Transactions by the shareholders at a General Meeting or through a Postal Ballot:
 - i. Shall be sent to the shareholders at least 21 (twenty one days) in advance, and;
 - ii. Shareholders shall be given option to cast their votes through e-voting.

No Related Party shall vote on such Special Resolution relating to any material transaction contract or arrangement which is proposed to be entered into by the Company, with such Related Party.

V. Ratification of Exceptional Cases:

- A. Any material 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 by a Resolution of the General Meeting, if required, can in genuine cases be ratified by the Board of Directors or the shareholders at a General Meeting, as permitted in the Act,
- B. If the approval sought from the Board of Directors and the shareholders under Clause V A, is not granted, the material transaction, contract or arrangement shall stand cancelled with immediate effect.

VI. Disclosures:

- A. The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.
- B. Every transaction, contract or arrangement entered into with Related Parties shall be referred to in the Report of the Board of Directors to the shareholders along with the justification for entering into such transaction, contract or arrangement.
- C. Details of all material related party transactions, as defined in Clause II B, with Related Parties shall be disclosed to the Stock Exchanges where the securities of the Company are listed, on quarterly basis along with the compliance report on corporate governance pursuant to Clause 49.

VII. Miscellaneous:

- A. If any provision of this Policy contravenes any provision of the Act, and Clause 49, that provision of this Policy shall always be deemed to have been amended since inception in line with the applicable provisions of the Act, AS- 18 and Clause 49.

The parties which are covered under the definition of Related Party in terms of the Accounting Standard - 18 issued by the Institute of Chartered Accountants of India but not covered under this Policy, transactions with such party(ies) shall be governed in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

