



GLAND PHARMA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Introduction

The Board of Directors (“**Board**”) of Gland Pharma Limited (“**Company**”) has adopted this policy and procedures with regard to Related Party Transactions (“**Policy**”), in line with the requirements of Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“**SEBI (LODR) Regulations**”) read with Section 188 of the Companies Act, 2013 including the Rules made thereunder (“**Act**”) as amended from time to time.

The Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly upon the recommendations made by the Audit Committee regarding any amendments required to be made to this Policy.

2. Objective

The objective of this Policy is to determine ‘materiality’ of a related party transaction and to ensure proper approval, disclosure and reporting of related party transactions as applicable under the SEBI (LODR) Regulations, between the Company and any of its related parties.

This Policy is originally adopted in the Board meeting dated June 3, 2020 and first modified with effect from October 22, 2021 and again modified with effect from 19th May, 2022.

3. Applicable Laws

The Policy shall be applicable to the Company with respect to all Related Party Transactions covered within the scope of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI(LODR)Regulation”) as amended from time to time, the Companies Act, 2013 (“CA 2013”) and the Rules made thereunder, as amended from time to time or such other Rules/Regulations, as may be notified by the Government/ SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

- **Act** means the Companies Act, 2013
- **Audit Committee or Committee** means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013, SEBI(LODR) Regulations and other applicable laws.

- **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.
- **Board** means Board of Directors of the Company.
- **Key Managerial Personnel** shall have the meaning as defined in the Companies Act, 2013 and as amended from time to time
- **Ordinary course of business** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

- **Relatives** with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with clause 4 of the Companies (Specification of definition details) Rules, 2014 as amended from time to time
- **Related Party:**

“**Related Party**” in relation to the Company means a party related with the Company in any of the ways as are laid down in the CA2013 or the SEBI LODR Regulations, as amended from time to time.

a. the Companies Act, 2013

“Related Party” means, with reference to a company;

- i. A director or his relative;
- ii. 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 relatives 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 2% of its paid-up share capital;
- vi. A 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, except when such advice is given in a professional capacity;
- vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act, except when such advice is given in a professional capacity;
- viii. any body corporate which is—
 - a. a holding, subsidiary or an associate company of such company;

- b. a subsidiary of a holding company to which it is also a subsidiary; or
- c. an investing company or the venturer of the company;

Explanation. —For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- ix. A director, other than an Independent Director, or Key Managerial Personnel of the holding company of such company or his relative.

Here the term “Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if—

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. One person is related to another in the following manner, namely:
 - a. Father (including step-father)
 - b. Mother (including step-mother)
 - c. Son (including step-son)
 - d. Son’s wife
 - e. Daughter
 - f. Daughter’s husband
 - g. Brother (including step-brother)
 - h. Sister (including step-sister)

b. As per Listing Regulations

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- i. any person or entity forming part of the promoter or promoter group of the listed entity; or
- ii. any person or entity, holding equity shares of twenty percent or more in the listed entity 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.

c. 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.

- **Related Party Transaction (RPT)** means a transaction(s) as defined under the provisions of the CA2013 or the SEBI LODR Regulations, as amended from time to time.

i. Under the Companies Act, 2013

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions (RPTs):

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

B. As per Listing Regulations

A "Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries; 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:

Provided that the following shall not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding
 - (i) payment of dividend;
 - (ii) sub-division or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.
- **Material Related Party Transaction** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds the thresholds/criteria as defined under the CA2013 or the SEBI LODR Regulations..

Material Modification means any modification exceeding 20% change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

5. Manner of dealing with related party transaction

Approval of the Audit Committee

- a) Every Related Party Transactions and subsequent material modifications proposed to be entered into by the Company must be reported to the Audit Committee for prior approval in accordance with this Policy and applicable laws. Only those members of the audit committee, who are independent directors, shall approve related party transactions.
- (b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- (d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary

(e) The Audit Committee shall, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following namely:

- Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
- The maximum value per transaction which can be allowed;
- Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
- Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval made;
- Transactions which cannot be subject to the omnibus approval of the Audit Committee

(f) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- repetitiveness of the transactions (in past or in future);
- justification for the need of omnibus approval

(g) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

(h) The omnibus approval shall provide details of

- (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,
- (ii) basis of arriving at 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 rupees twenty crore per transaction.

- The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the Company pursuant to the omnibus approval given.
- Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Approval of the Shareholders of the Company

- a) All Material Related Party Transactions and subsequent material modifications as defined 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.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Provided further that the requirements specified herein shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- b) In addition to the above, all kinds of transactions specified under Section 188 of the Companies Act as mentioned below need approval of shareholders:
- are not in the ordinary course of business or not at arm's length basis; and
 - exceeds the thresholds laid down in the Act and the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended from time to time).

- **Exemption:**

Notwithstanding anything contained herein:

1. the provisions of Regulation 23(2), (3) and (4) SEBI (LODR) Regulations (as may be amended from time to time) and corresponding provisions of this policy shall not be applicable in case of transactions entered into between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
2. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

3. the exemptions prescribed under Section 177 of the Act and Section 188 of the Act, read with the relevant rules thereunder (in each case as may be amended from time to time) shall be applicable (as relevant) and be deemed to be incorporated herein by reference.

Disclosure and reporting:

- a) Appropriate disclosures as required under the Act and the SEBI (LODR) Regulations will be made in the, Board's report and to the stock exchanges. The Policy shall also be disclosed on the website of the Company and a web link thereto shall be provided in the annual report of the Company.
- b) The Company shall submit within prescribed time as specified in SEBI(LODR) Regulations from the date of publication of its standalone and consolidated financial results for the half-year, disclosures of RPTs on a consolidated basis, in the format specified in the relevant accounting standards/ by SEBI for annual results to the stock exchanges and publish the same on its website.

