

Jenburkt Pharmaceuticals Limited
CIN: L24230MH1985PLC036541

**POLICY ON MATERIALITY OF RELATED
PARTY TRANSACTIONS AND DEALING WITH
RELATED PARTY TRANSACTIONS**



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS:

1. Title:

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

2. Objective:

The Company is required to formulate a policy on materiality of Related Party Transactions and dealing with Related Party Transactions under the compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder (hereafter the Act), Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations 2015 (hereafter SEBI-LODR) and Accounting Standards issued by the Institute of Chartered Accountant of India as amended or re-enacted from time to time and which relate to the identification of the Related Parties, governance & approval of the Related Party Transactions, wherever required.

This Policy aims to ensure compliance of the above referred various provisions of Laws.

3. Definitions:

A. Materiality of Related Party Transactions:

A Related Party Transaction(s) i.e. a contract or arrangement with a Related Party shall be considered material if the said contract or arrangement to be entered into with a Related Party individually or taken together with previous transaction(s) during a financial year, exceeds the threshold limit of Rupees One Thousand Crores (Rs. 1000 Crores) or Ten percent (10%) of the annual turnover of the Company whichever is lower as per the latest audited financial statements of the Company.

B. Material modifications:

Material modifications as defined by the Audit Committee of the Company, shall mean and include any modification to an existing related party transaction having variance of more than 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

C. Related Party: "Related Party" or "Related Parties" shall mean and include the following:

- i. the persons/ entities defined in Section 2(76) of the Act;
- ii. Any person or entity forming a part of the Promoter or Promoter group or any person or any entity holding either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year, 20% or more of equity shares of the Company or 10% or more with effect from 1st April, 2023.
- iii. The following will, however, not be deemed Related Parties:
 - a single customer, supplier, franchiser, distributor, or general agent with whom the Company transacts a significant volume of business merely by virtue of the resulting economic dependence; and



- the parties listed below, in the course of their normal dealings with the Company by virtue only of those dealings (although they may circumscribe the freedom of action of the Company or participate in its decision-making process):
 - providers of finance;
 - trade unions;
 - public utilities;
 - government departments and government agencies including government sponsored bodies.

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.

D. Relative: “Relative” in respect of the Company’s Directors and Key Managerial Personnel shall mean and include relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed thereunder and under SEBI-LODR.

E. Related Party Transaction(s):

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

- i. The Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- ii. The Company 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 Company or any of its subsidiaries, with effect from April 1, 2023;

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.

However the following shall not be a related party transaction:

- i. 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;
- ii. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - a. payment of dividend;
 - b. subdivision or consolidation of securities;
 - c. issuance of securities by way of a rights issue or a bonus issue; and
 - d. buy-back of securities.

4. Identification of Related Parties:

- 4.1. Each Director, Key Managerial Personnel whenever wishes to enter into a Related Party Transaction with the Company involving either him/ her or his /her Relatives, shall give a Notice to the Company along with all the relevant details and documents.
- 4.2. 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.



- 4.3. Every Director, Key Managerial Personnel shall also make annual disclosures as under:
- 4.3.1 List of Relatives
 - 4.3.2 List of private companies where the Company's Director or his relative is either a director or a member.
 - 4.3.3 List of firms where the Company's director or his relatives are partner.
 - 4.3.4 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 of the Company.
- 4.4. Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures mentioned in above.

5. Review and Prior Approval of all Related Party Transactions

Every Related Party Transaction entered into are subject to the prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution.

Prior consent of the Board is required for all kinds of Related Party Transactions.

Prior consent of Shareholder is required by way of a resolution for all Material Related Party Transactions and for subsequent material modifications therein.

No Related Party shall vote on such resolution to approve it whether the Related Party is a related party to such transaction(s) or not.

The Audit Committee may, from time to time, grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the conditions laid down in the Act and SEBI-LODR, as amended.

5.1. Approval by the Audit Committee:

- 5.1.1 The Company shall not enter into any Related Party Transactions with any Related Party, including all subsequent material modifications, without prior approval of the Audit Committee.
- 5.1.2 Only the Independent Directors who are the members of the Audit Committee can approve such transactions.
- 5.1.3 The relevant information/documents relating the proposed Related Party Transaction(s) shall be placed in the meeting of 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.
- 5.1.4 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.



- 5.1.5 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.

5.2. Approval of the Board:

- 5.2.1 The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:
- Transactions not in arm's length.
 - Transactions not in ordinary course of business.
 - Material transaction
 - Material Modification in the existing Related Party Transaction.
- 5.2.2 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.
- 5.2.3 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.
- 5.2.4 The Board of Directors shall also obtain approval of the shareholders by way of a Special Resolution for the approval of the Related Party Transactions, if so required.

The Explanatory Statement for such resolution shall inter alia include the following particulars:

- Name of the Related Party ;
- Nature of relationship;
- Nature, material terms, monetary value and particulars of the contract or arrangement;
- Any other information which is relevant to enable the shareholders to take an informed decision.

5.3. Approval by the Shareholders:

- 5.3.1 All material related party transaction and subsequent material modification shall require prior approval of shareholders by way of a Resolution. No Related Party shall vote on such Resolution to approve it, whether the related party is a related party to such transaction or not.
- 5.3.2 No Related Party shall vote on such Special Resolution pertaining to any transaction, contract or arrangement which is proposed to be entered into by the Company, with such Related Party.

6. Disclosures:

- 6.1 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.
- 6.2 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.
- 6.3 Details of all material related party transactions, with Related Parties shall be disclosed to the Stock Exchanges where the securities of the Company are listed, as required.



7. Miscellaneous:

If any provision of this Policy contravenes any provision of the Act or SEBI-LODR or INDAS-24, that provision of this Policy shall always be deemed to have been amended since inception in line with the applicable provisions of the Act, or SEBI-LODR or INDAS-24.

The parties which are covered under the definition of Related Party in terms of the INDAS-24 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.

8. Voting:

In case of RPT requiring Board’s approval, any director who is interested in RPT will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

In case of RPT’s requiring shareholders resolution, all the Related party will abstain from voting on such resolution.

9. Policy History:

The Policy was last amended by the Board of Directors at its meeting held on 06th June, 2019. The latest amendment to this policy was carried out by the Board on 11th February, 2022, to be deemed effective from 1st January, 2022.

10. Amendments:

The Board shall have the power to amend or substitute any of the provisions of this Policy or replace this Policy entirely with a new Policy.

This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Regulation 23 and all other applicable regulations of SEBI Listing Regulations or such other Rules /Regulations, as may be notified by MCA / SEBI from time to time.

Any amendment(s) made in the Companies Act, 2013 and SEBI Listing Regulations shall apply mutatis mutandis to the Code.

***** End *****

Version 1.2 (11.02.2022)

