
MEDICO REMEDIES LIMITED

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PHADKE MARG, ANDHERI (EAST), MUMBAI - 400069**

RELATED PARTY TRANSACTIONS POLICY

Related Party Transactions Policy

1. Purpose:

The Companies Act, 2013 (“Act”) and the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“Listing Regulations”) requires the companies to have enhanced transparency and due process for approval of the Related Party Transactions. The Policy primarily sets out the manner in which the Company shall enter into contracts or arrangements with a Related Party under the applicable Regulations.

The Audit Committee will review the Policy and may recommend amendments to the Board from time to time as it deems appropriate.

2. 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.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted in accordance with Listing Regulations and the applicable provisions of the Act.

“Board” means Board of Directors of the Company.

“Key Managerial Personnel” means -

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Chief Financial Officer;
- (iii) the Whole - Time Director;
- (iv) the Company Secretary
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed under Section 2(51) of the Act.

“Material Related Party Transaction” means a transaction(s) with a Related Party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to

be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

“Material Modification” means a modification in value of any Related Party Transaction, which individually or taken together with previous transactions with the said related party during a financial year, results in change exceeding ten per cent of the value of the original transaction and/or any such modification, which in the opinion of the Audit Committee, is considered as Material Modification.

“Net worth” means the aggregate value of the paid-up share capital and all reserves credited out of the profits, securities premium account and debit and credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

“Policy” means Related Party Transactions Policy

“Related Party” means related party as defined below:

- (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 and manager is a director and holds along with his relatives, more than two per cent 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 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;";
- (ix) a director other than an independent director or key managerial personnel of the Company or his relative with reference to a company, shall be deemed to be a related party;

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- (x) Any person or entity belonging to the promoter or promoter group of the Company;
- (xi) Any person or entity holding 20% or more of shareholding in the Company with effect from April 1, 2022 or 10% or more with effect from April 1, 2023, 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.

“Related Party Transaction” (“RPT”) means a transaction as defined under Section 188 of the Act and Regulation 2 (zc) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 which involves 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.

Provided that the following shall not be a RPT:

- (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:
- payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - buy-back of securities.
- (iii) acceptance of fixed deposits by Banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of RPTs every six months to the stock exchange(s), in the format as specified by the Board.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

“Relative” means relative as defined under Section 2(77) of the Act and includes anyone who is related to another in any of the following manner:-

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- (i) they are members of a Hindu Undivided Family;
 - (ii) they are 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); or
 - (x) sister (including step-sister)

“**Turnover**” means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.

Any other term not defined herein shall have the same meaning as defined in the Act and other applicable laws.

3. Identification of Related Party:

Each Related Party of the Company is responsible for providing notice to the Chief Financial Officer and / or the Company Secretary of any potential RPT involving him/her or his/her relative, as soon as they become aware of, including any additional information about the transaction.

The Chief Financial Officer and / or the Company Secretary shall place before the Audit Committee the potential RPT for their approval.

The Audit Committee will take into account the following factors while dealing with the RPTs:

- (i) Nature of relationship with the related party;
- (ii) Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- (iii) Method and manner of determining the pricing and other commercial terms;
- (iv) Whether the transaction is in the ordinary course of business and on arm's length; and
- (v) Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction

Explanation to the terms:

(i) **Ordinary Course of Business**

The phrase “Ordinary Course of Business” is not defined under the Act or Rules made there under. The Company shall adopt a reasonable approach / methodology to demonstrate ‘Ordinary Course of Business’ which shall, *inter alia*, include the nature of the transaction, the frequency / regularity / length of time the company is engaged such transaction, such transaction / action is consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice, i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that are in the same / similar line of business.

(ii) **Arm’s Length**

For transactions between two related parties to be considered to be at arm’s length pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest. i.e. arm’s length pricing is the condition or the fact that the two related parties transact as independent (un-related) parties and on an equal footing from one or more of the following aspects viz. nature of goods / services, risk assumed, assets / resources employed, key terms / covenants. In the absence of any guidelines on Arm’s Length Pricing in the Act, the Company shall adopt reasonable approach / methodology to demonstrate Arm’s Length Pricing for the specified RPT identified, which shall, *inter alia*, shall include, the nature of the transaction, description of functions to be performed, risks to be assumed and assets to be employed, key terms / special terms in the arrangement forming part of a composite transaction.

4. Approval of RPT:

- (i) All RPTs and subsequent Material Modifications shall require prior approval of the Audit Committee.
- (ii) Only those members of the Audit Committee, who are independent directors, shall approve RPTs.
- (iii) With effect from April 1, 2023 a RPT 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 Company, if the value exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- (iv) Prior approval of the Audit Committee of the Company shall not be required for a RPT to which the listed subsidiary is a party but Company is not a party, if regulation

23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

Explanation: For RPT of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- (v) The Audit Committee may grant omnibus approval for RPT which are repetitive in nature and are in the ordinary course of business and are on arm's length.
- (vi) The Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.
- (vii) Parties concerned or having interest in the RPT, directly or indirectly, should abstain from voting on resolution for such RPT.
- (viii) The Audit Committee shall review RPTs entered into by the Company on quarterly basis.

5. Omnibus Approval

- (i) The Audit Committee shall specify the criteria for making the omnibus approval which shall include the following, namely:
 - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) the maximum value per transaction which can be allowed;
 - (c) extent and manner of disclosure to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) review, at such intervals as the Audit Committee may deem fit, RPTs entered into by the Company pursuant to each of the omnibus approval made;
 - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- (ii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely-
 - (a) Repetitiveness if the transactions (in past or in future);
 - (b) Justification for the need of omnibus approval;
- (iii) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
- (iv) The omnibus approval shall contain or indicate the following –
 - (a) Name of the related parties;
 - (b) Nature and duration of the transaction;

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- (c) Maximum amount of transaction that can be entered into;
 - (d) The indicative base price or current contracted price and the formula for variation in the price, if any; and
 - (e) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (v) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- (vi) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- (vii) Any other conditions as the Audit Committee may deem fit.

6. Approval of the Board of Directors

- (i) If the Audit Committee determines that a RPT is –
 - (a) A Material RPT or its subsequent Material Modification; or
 - (b) Not in the ordinary course of business; or
 - (c) Not on arm's length basis,

the Audit Committee shall place the matter before the Board for obtaining its approval, unless exempted.

- (ii) Where approval of the Board is required for any RPT or if the Board in any case elects to reviews any such matter or it is mandatory under any law for the Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- (iii) Any member of the Board who has any interest in any RPT will recuse himself and abstain from discussion and voting on the approval of the RPT.

Explanation: Any director of a company is considered interested, if the Director is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered–

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- (a) with a body corporate in which a director (singly or along with other directors) holds more than 2% shareholding or is a promoter/manager/ Chief Executive Officer of that Body Corporate.
 - (b) with a firm or other entity in which such Director is a partner, owner or member.
- (iv) Transactions meeting the materiality thresholds laid down in Annexure to this Policy, which are intended to be placed before the shareholders for approval by an Ordinary Resolution.

7. Approval of the Shareholders:

- (i) Unless exempted, all Material RPTs and subsequent Material Modifications thereto, whether in ordinary course of business and/or on arm's length basis or not, shall require prior approval of the shareholders by passing Ordinary Resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- (ii) Prior approval of the shareholders of the Company shall not be required for a RPT to which the listed subsidiary, if any, is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

Explanation: For RPTs of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

- (iii) The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between -
 - a. a holding company and its wholly owned subsidiary; and
 - b. two or more wholly-owned subsidiaries,whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

8. RPTs not approved under this Policy:

Section 188 (3) of the Act states that where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting, then such RPT transaction shall be ratified within three months from the date on which such contract or arrangement was entered. Such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders. If such contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

9. Reporting of RPTs

(i) Every contract or arrangement entered with Related Parties to which sub section (1) of Section 188 of the Companies Act 2013 is applicable, shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements

(ii) The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

10. Amendment in applicable Law:

Any subsequent amendment in the Act or any other applicable law in this regard, shall immediately apply to this Policy. Accordingly, this Policy shall be duly revised to incorporate any amendments.

10. Review and Amendments to the Policy:

The Board of Directors can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be 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 are not consistent 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.

DETERMINATION OF MATERIALITY OF RPTS:

Material RPTs shall be determined by applying the following criteria:

Category of Transactions	Materiality Thresholds under the Companies Act, 2013 (for transactions not in ordinary course of business or not on an arm's length basis)	Materiality Thresholds under the Listing Regulations
Sale, purchase or supply of any goods or material, directly or through appointment of agent as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of the Act	10 % or more of the turnover of the Company	Transaction, individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower, [Notified under SEBI Listing Regulations (Third Amendment) 2015 for determining materiality]
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of the Act	10% or more of net worth of the Company	
Leasing of property any kind as mentioned in clause (c) sub-section (1) of section 188 of the Act	10 % or more of the turnover of the Company	
Availing or rendering of any services, directly or through appointment of agent as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of the Act	10 % or more of the turnover of the Company.	

Category of Transactions	Materiality Thresholds under the Companies Act, 2013 (for transactions not in ordinary course of business or not on an arm's length basis)	Materiality Thresholds under the Listing Regulations
Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company as mentioned in clause (f) of sub-section (1) of section 188 of the Act	At a monthly remuneration exceeding Rs.2.5 Lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company as mentioned in clause (g) of sub-section (1) of section 188 of the Act.	1% of net worth	
Any other transfer of Resources, Services and Obligations with a Related Party	Transaction, individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower, [Notified under SEBI Listing Regulations (Third Amendment) 2015 for determining materiality]	

Explanation:

- The turnover or net worth referred in the above shall be computed on the basis of the audited financial statements of the preceding financial year.
- The threshold limits under the Act mentioned above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
