

SPC LIFE SCIENCES LIMITED

(Formerly known as SPC Life Sciences Private Limited)

(CIN: U24230GJ2005PLC046252)

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

Section 188 of the Companies Act, 2013 (“the Act”) read with Regulation 23 and Part A Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Introduction

In accordance with the provisions of Section 188 of the Act read with applicable rules thereto and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, every Listed Company shall formulate a Policy on materiality of related party transactions and also stipulate the terms of reference in line with the Act on dealing with related party transactions including clear threshold limits duly approved by the Board.

The Board of Directors ("the Board") of SPC Life Sciences Limited ("the Company") has adopted the following policy and the Board may amend this policy from time to time.

2. Objectives of the Policy

The objective of this Policy is to set out:

- (a) Identification of the Related Parties
- (b) The materiality threshold for related party transactions
- (c) The manner of dealing with the transaction between the Company and its related parties based on the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

All Related Party Transactions should be referred to the Audit Committee of the Company for prior approval. The Audit Committee shall also approve any subsequent modifications of such Related Party Transactions. The Audit Committee may also grant omnibus approval for certain category of transactions, which shall be valid for period not exceeding one financial year and shall require fresh approval for the subsequent financial year.

3. Definitions

- i. **"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.
- ii. **"Audit Committee"** means the audit committee of the board of directors, constituted with reference to Regulation 18 of SEBI ("Listing Obligations and Disclosure Requirements") Regulations, 2015 and Section 177 of the Act, of the Company.
- iii. **"Board"** means the Board of directors of the Company.
- iv. **"Company"** means SPC Life Sciences Limited.
- v. **"Key Managerial Personnel" or "KMPs"** means Key Managerial Personnel as defined under Section 2(51) of the Act and includes:
 - (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole – time Director;
 - (ii) Company Secretary; and

(iii) Chief Financial Officer;

vi. "**Material Related Party Transaction**" means a transaction/contracts with a related party where the transaction(s) to be entered into individually or taken together with previous transactions with a related party during a financial year, exceeds one thousand crore or ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company, 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

vii. "**Materiality Threshold**" means limits for related party transactions beyond which approval of the shareholders' as specified in Companies Act, 2013 and rules thereof and amendments thereto will be required.

viii. "**Ordinary Course of Business**" with reference to a transaction with a related party means a transaction which is:

- a) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
- b) historical practice with a pattern of frequency;
- c) common commercial practice; or (iv) meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time.

ix. "**Policy**" means this policy, as amended from time to time.

x. "**Related Party**" in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act, 2013 or under applicable accounting standards.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;
- 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

xi. "**Related Party Transaction**" means a transfer of resources, services or obligations between:

- i) a 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
- ii) a 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 listed entity 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, and includes transactions as defined as a "related party transaction" under the relevant provisions of the Companies Act, 2013.

- xii. "**Relative**" means any person as per Section 2(77) of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the Regulations as amended from time to time, means anyone who is related to another, if
- (i) They are members of a Hindu Undivided Family; or
 - (ii) They are husband or wife; or
 - (iii) One person is related to the another in the following manner, namely:
 - (A) Father, includes stepfather
 - (B) Mother, includes stepmother
 - (C) Son includes stepson
 - (D) Son's wife
 - (E) Daughter
 - (F) Daughter's husband
 - (G) Brother includes stepbrother
 - (H) Sister includes stepsister

4. DISCLOSURE BY DIRECTORS

4.1. Every director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

4.2. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

5. APPROVAL TO RELATED PARTY TRANSACTIONS

5.1 Approval of Audit Committee

All Related party transactions will require prior approval of Audit Committee, provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction, in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

The Audit Committee shall consider the following factors while deliberating the related party transactions:

- ❖ Name of party and details explaining nature of relationship
- ❖ Duration of the contract and particulars of the contract and arrangement
- ❖ Nature of transaction and material terms thereof including the value, if any.
- ❖ Manner of determining the pricing to ascertain whether the same is on arm's length
- ❖ Business rationale for entering into such transaction and
- ❖ Any other information relevant or important for the Board to take a decision on the proposed transaction

In determining whether to approve a Related Party Transaction, the Audit Committee will consider following factors, among others, to the extent relevant to Related Party Transaction:

- ✓ Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related

Party.

- ✓ Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- ✓ Whether the Related Party Transaction would affect the independence of an independent director.
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.
- ✓ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company.
- ✓ Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- 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.

- Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5.2 Approval of Board of Directors

Pursuant to Section 177 of the Act, the following related party transactions shall require consent of

the Board of Directors given by a resolution at a meeting of the Board and thereafter shall enter into any contract or arrangement with a related party with respect to—

- (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.

The threshold limits, crossing which would attract obtaining the approval of shareholders, as prescribed under Section 188 of the Act, is annexed at Annexure – 1.

Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

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, the same shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. Failing which, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the 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.

5.3 Approval of Shareholders

5.3.1. All material related party transactions shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable 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.

5.3.2 All Related Party Transactions as per Section 188 of the Companies Act, 2013, If such related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds the thresholds limits as prescribed in the rules thereof (as set out in Annexure I), shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

5.3.3 However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

6. REPORTING OF RELATED PARTY TRANSACTIONS

6.1 Every contract or arrangement, which is required to be approved by the Board / shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

6.2 The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.

6.3 The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

6.4 The Company shall submit on the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

7. AMENDMENTS

The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment / modification in the Act or the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

8. EFFECTIVE DATE

This policy shall be effective with effect from 23rd March, 2023.

Annexure 1

S No.	Prescribed Transaction Category	Companies Act, 2013
1	Sale, purchase or supply of any goods or materials directly or through agents	Exceeding 10% or more of the annual turnover of the company*
2	Selling or otherwise disposing off, or buying, property of any kind directly or through agents	Exceeding 10% or more of the net worth of the company*
3	Leasing of property of any kind	Exceeding 10% or more of the annual turnover of the company *
4	Availing of or rendering any services directly or by appointing agents	Exceeding 10% or more of the annual turnover of the company *
5	Related party's appointment to any office or place of profit in the Company or its subsidiary company or associate company	Monthly remuneration exceeding INR 0.25 million (per month)
6	Underwriting the subscription of any securities or derivatives thereof of the company	Exceeding 1% or more of the net worth of the company*

* The Turnover or Net worth referred above shall be computed based on the Audited Financial Statements of the preceding financial year

Note: Limit Specified above shall apply to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year