Pharmaids Pharmaceuticals Limited

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

(Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) (Hereinafter called as "LODR")

Amended by the Board of Directors on June 30, 2026
Last amended by the Board of Directors on March 21, 2025

A. INTRODUCTION

The Companies Act, 2013 together with Rules made thereunder, Regulation 23 of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, and related circulars, clarifications, guidelines, and notifications issued thereunder (together referred to as "the applicable laws"), provide a framework for regulating transactions with Related Parties. It also addresses the identification, review, approval, and disclosure of such transactions in a fair, transparent, and consistent manner.

This Policy is framed as per the requirements of the applicable laws and shall operate within the boundaries set by the laws. This Policy applies to all transactions between the Company and its related parties, as defined under the Act and SEBI Listing Regulations. It aims to ensure that related party transactions are carried out in the best interests of the Company, with proper governance and oversight.

The Audit Committee will review this Policy periodically and recommend amendments, if any, for the Board's approval. This Policy is also aligned with the Company's internal policies, delegation of authority, and governance framework.

B. OBJECTIVE OF THE POLICY

This policy is framed based on SEBI Listing Regulations and the provisions of the Act and is intended to govern the transactions between the Company and its Related Parties.

The objective of this Policy is to set out:
a) Materiality thresholds for Related Party Transactions; and
b) The manner of dealing with the transactions between the Company and its Related Parties.

C. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

a. **"Act"** shall mean the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force.

b. **"Arm's Length Transaction"** shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

c. **"Audit Committee"** shall mean the Committee of the Board formed under Section 177 of the Act and Regulation 18 of Listing Regulations.

d. **"Company"** means Pharmaids Pharmaceutical Limited, registered under the Companies Act 2013**.**

e. **"Directors"** shall mean the Board of Directors of the Company.

f. **"Designated Officer(s)"** shall mean the Chief Financial Officer and the Company Secretary of the Company.

g. **“Dealing Officer(s)”** shall mean the Concerned Officer of the Company who deals with a Related Party on behalf of the Company.

h. **“Key Managerial Personnel”** shall mean the Officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and Rules made thereunder.

i. **“Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

j. **“Material Related Party Transactions”** means a transaction with a Related Party, if the transaction(s) to be entered into individually or taken together with previous transactions during a Financial Year, exceeds the following thresholds:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements.

However, a transaction involving payments made to 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 the previous transactions during a financial year, exceed 5% of the Annual Consolidated Turnover of the Company as per the last Audited Financial Statements of the Company.

k. **“Material Modifications”:** A modification is treated as “Material Modifications”, if and only if:

- those Modifications in relation to the Related Party Transaction(s) shall mean any change/variation/modification in an existing Related Party Transaction(s) Contract/Arrangements which will have the impact of increasing the value of initially approved transaction limits by 20% or more (in aggregate for each Related party).

- those modifications in the Related Party Contracts/Arrangements which could violate the principle of Arm’s length and when executed, would exceed the initial approved limits (in aggregate for each related party)

l. **“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.

m. **“Pre-Approved Transactions”** shall have the same meaning ascribed to such term in Para G of this Policy.

n. **“Policy”** shall mean this Related Party Transaction Policy.

o. **“Relative”** shall have the same meaning ascribed to such term under Section 2(77) of the Companies Act, 2013 and Regulation 2 of the Listing Regulations, as amended from time to time.

p. **“Related Party”** shall have the same meaning ascribed to such term under Section 2(76) of the Companies Act and Regulation 2 of the Listing Regulations, as amended from time to time.

q. **“Related Party Transaction”** shall mean:

   i. A transaction between the Company and a Related Party which is of the nature specified in sub-clause (a) to (g) of Section 188 (1) of the Companies Act; and

   ii. A transaction involving transfer of resources, services, or obligations between:

      - 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)

      - 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 which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
      i. Payment of dividend
      ii. Subdivision or consolidation of securities.
      iii. Issuance of securities by way of rights issue or a bonus issue, and
      iv. Buy-back of securities.

c. 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 related party transactions every six months to the stock exchange(s), in the format as specified by the Board

d. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time.

   Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

e. retail purchases from any listed entity or its subsidiary by its directors or key managerial personnel of listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel

D. <u>DEALING WITH RELATED PARTY TRANSACTIONS - IDENTIFICATION</u>

a. All the Directors and Key Managerial Personnel of the Company shall provide a list of the Related Parties at the commencement of every Financial Year to the Company Secretary and shall promptly notify any such changes in the list provided during the Financial Year.

b. Prior to entering into any transaction with Related Party, the Dealing Officer shall promptly notify the details of the proposed transaction to the Designated Officer(s). The Designated Officer(s) upon being notified about the proposed transaction with a Related Party shall analyse such transaction in consultation with management/with outside consultant, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this Policy.

c. Once identified as a Related Party Transaction by the Designated Officer(s), all such Related Party Transactions shall be reported promptly to the Audit Committee by the Designated Officer(s), or in the event that the Designated Officer(s) has a potential interest in such Related Party Transaction, their role is limited to reporting on such transaction to the Audit Committee and shall recuse himself or herself from discussions of such Related Party Transaction.

d. The Audit Committee shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions

e. The Audit Committee shall be provided with all material facts of all new, existing or proposed Related Party Transactions, including modifications proposed to exist Related Party Transactions. The Audit Committee will thereafter determine whether:

- to approve the Related Party Transaction; or

- to approve the Related Party Transaction and refer the Related Party Transaction to the Board for its consideration and approval as may be required under the Companies Act or Listing Regulations, or
- whether such transaction shall be deemed pre-approved by the Audit Committee and Board as described below in Para G of this Policy ("Pre-Approved Transactions"); or
- to disapprove the Related Party Transaction.

f. In assessing a Related Party Transaction, the Audit Committee / Board of Directors shall consider such factors as it deems appropriate.

g. The Company shall provide information to Audit Committee and Shareholders about the related party transaction as per Industry Standards on "*Minimum information to be provided for review of the Audit Committee and Shareholders for approval of Related Party Transaction (RPT)*" formulated by Industry Standards Forum to enable effective assessment of the transaction.

h. Prior approval of the Audit Committee and Shareholders approval shall **not** be required for those cases provided in Regulation 23(5) of Listing Regulations.

E. FRAMEWORK FOR APPROVAL OF RELATED PARTY TRANSACTIONS:

Audit Committee's Approval

All Related Party Transactions and subsequent Material Modifications shall be subject to prior approval of the Audit Committee at its duly convened meeting.

In case of Related Party Transactions above Rs. 1 crore, where subsidiary of the Company is a party, but the Company is not a party, the approval of the Audit Committee shall be obtained in accordance with Regulation 23 clause (2) sub clause (b) and (c) of the Listing Regulations.

In case the transactions entered into between a holding company and its wholly owned subsidiary which are not in ordinary course of business and/or not on arm's length basis, such transactions shall mandatorily require prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Boards's Approval:

All Related Party Transactions approved by the Audit Committee may be noted by the Board.
However, all related party transactions which are not in the ordinary course of business and not in arm's length basis shall be mandatorily approved by passing a resolution at the meeting of the Board, which is subject to shareholder's approval.

Where any director is interested in any contract or arrangement with a related party, such director shall not participate in discussions on the subject matter during the meeting relating to such contract or arrangement and shall not vote on the item of business.

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose all the details as per Section 188 of Companies Act 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules,2014.

Shareholder's Approval for Related Party Transactions:

I. Material Related Party Transactions

All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders, and no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not.

Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act,2013 or rules, notifications, or circulars issued thereunder from time to time.

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to Section 101 of the Companies Act 2013 shall contain the particulars as per explanation to Rule 15 of Companies (Meetings of Board and its Powers) Rules,2014.

II. Transactions other than Material Related Party Transactions:

All transactions, other than the Material Related Party Transactions, which are not in the ordinary course of business and/or not at Arms' Length Basis, except Related Party Transactions entered 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 of shareholders, shall require the prior approval of the shareholders on exceeding the limits given under Section 188 read with Rule 15 sub rule (3) of Companies (Meetings of Board and its Powers) Rules, 2014 and no related parties shall vote to approve such resolution.

a. No Director, who is a Related Party, shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party, except that the Director shall provide all material information concerning the Related Party Transaction to the Board / Audit Committee. Provided, however, where a director is interested as per Section 184(2) of the Companies Act 2013,

   Such Director shall **not** be entitled to participate in the evaluation or approval of such Related Party Transaction or participate in any discussions thereto.

b. If a Related Party Transaction(s) will be on-going transaction(s), the Board may, in its discretion, authorise the Company's Whole Time Director/Executive Director to follow in its ongoing dealings with the Related Party. Thereafter, the Board shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with this Policy.

c. A Related Party Transaction entered into without approval shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee/ Board as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy.

F. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required as per Regulation 23 of SEBI LODR Regulations 2015 and Section 188 of the Companies Act 2013.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee may deem appropriate under the circumstances.

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

G. PRE-APPROVED TRANSACTIONS/ OMNIBUS APPROVAL

a. In case of frequent / regular / repetitive Related Party Transactions which are in the ordinary course of business of the Company, the Audit Committee may establish guidelines for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and provisions of Companies Act, 2013 and Listing Regulations.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

c. The omnibus approval shall specify:
   - The Name(s) of the Related Party
   - Nature of Transaction
   - Period of Transaction
   - Maximum Amount of Transaction that can be entered into
   - The Indicative Base Price / Current Contracted Price and the formula for variation in the price, if any and
   - Such other conditions as the Audit Committee may deem fit;

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such Transaction(s) subject to their value not exceeding Rs.1,00,00,000/- (Rupees One Crore Only) per transaction. The details of such transactions shall be reported at the next Audit Committee Meeting for noting.

d. The 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 granted by the Audit Committee earlier.

e. Any member of the Audit Committee, who has potential interest in any Related Party Transactions, will recuse himself/herself from such discussion or voting on the approval or ratification of such Related Party Transaction.

f. The Omnibus Approval shall be valid for a period of one financial year and shall require fresh approval after the expiry of one year.

In addition, the Audit Committee/the Board may review any Related Party Transactions involving Independent Directors as part of the annual determination of their independence.

H. DISCLOSURE FRAMEWORK

All Related Party Transactions shall be disclosed to such persons and Governmental and/or Regulatory Authorities, in the manner prescribed, if required, under the Companies Act 2013 and/or the Listing Regulations to stock exchanges on a half yearly basis or such other period as may be prescribed from time to time. Provided further, the Company is also required to disclose this Policy on its website.

Director's report shall contain details of Related Party Transactions as required under the Act and Regulation 23 of the SEBI Listing Regulations.

I. REVIEW

The Audit Committee and the Board shall review the Related Party Transaction Policy and Procedure from time to time, but at least once every three years and based on the changing needs and make suitable modifications as may be necessary. In case of any Amendment(s), Clarification(s), Circular(s) etc. issued by the relevant authorities, not being 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.