



ORCHID PHARMA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS AND MATERIAL RELATED PARTY TRANSACTIONS

(PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS,
2015, AS AMENDED)

(Version 2.1 approved by Board of Directors on January 18, 2025)

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1. Preamble

The Board of Directors (the "Board") of Orchid Pharma Limited (the "Company") has adopted the Policy on Related Party Transactions and Material Related Party Transactions (the "Policy") on January 18, 2025.

This policy has been formulated in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), which mandates a listed company to formulate a policy on materiality of related party transactions and dealing with related party transactions including clear threshold limits duly approved by the Board of Directors.

2. Objective

This policy is intended to ensure proper approval, reporting and monitoring of transactions and to lay down principles for dealing with related party transactions in the Company, to ensure that conflict of interest is avoided and such transactions are in the best interest of the Company and its stakeholders. The Objective of the Policy is to set out the method to identify the related party transactions, the materiality thresholds for related party transactions and the manner of dealing in transactions between the Company and its related parties based on Section 188 of the Companies Act, 2013 and rules made there under, Regulation 23 of the SEBI Listing Regulations, as amended and any other laws and regulations as may be applicable to the Company.

Further, the provisions of this policy and regulation 23 of the SEBI Listing Regulations shall be applicable to all prospective transactions.

3. Interpretation

Words and expressions used and not defined in this policy but defined in Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, Insolvency and Bankruptcy Code, 2016, the Companies Act, 2013 etc. and the rules and regulations made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), shall have the meanings respectively assigned to them in those legislations.

4. Definitions

- 4.1. **"Act"** shall mean the Companies Act 2013 and the Rules made thereunder, including any statutory modifications, amendments, clarifications, circulars or re-enactments thereof.
- 4.2. **"Arm's Length basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 4.3. **"Associate Company"** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation—For the purpose of this clause—

(a) the expression "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

4.4. "Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013 and Regulation 18(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.5. "Key Managerial Personnel" means Key Managerial Personnel as defined in section 2(51) of the Companies Act, 2013 and Rules made thereunder.

4.6. "Material Modification to any Related party transaction" means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

4.7. "Material Related Party Transaction" means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the company as per the 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.

4.8. "Ordinary Course of business" would include transactions which are entered into in the normal course of the business pursuant to or for promoting or in furtherance of the company's business objectives, as per the charter documents of the company.

Based on ICSI Guidance note on "Related Party Transaction" factors which are to be taken into consideration to decide whether an activity carried on by the company is in the "ordinary course of business" are as follows:

- a) Whether the activity is covered in the objects clause of the Memorandum of Association
- b) Whether the activity is in furtherance of the business
- c) Whether the activity is normal or otherwise routine for the particular business (i.e. activities like advertising, staff training, etc.)
- d) Whether the activity is repetitive/frequent
- e) Whether the income, if any, earned from such activity/transaction is treated as business income in the company's books of account
- f) Whether the transactions are common in the particular industry
- g) Whether there is any historical practice to conduct such activities business

- h) Revenue generated by the activity
- i) Resources committed to the activity

The above list is not exhaustive. However, all the parameters mentioned may be considered together to determine whether the transactions are in Ordinary Course of Business or not.

4.9. "Related Party" means related party as defined under Regulation 2 (1) (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 2(76) of the Companies Act, 2013 or under the applicable accounting standard.

4.10. "Related Party Transaction" means a Related Party Transaction as defined under Regulation 2 (1) (zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

4.11. "Relative" means relative as defined under section 2 (1) (zd) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 2(77) under the Companies Act, 2013, as amended.

4.12. "Stock Exchange" shall mean Stock Exchange(s) as defined in regulation 2(1)(zk) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.13. "Subsidiary Company" shall mean a subsidiary as defined under Section 2(87) of the Companies Act.

5. Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction. Interested Director(s) or KMP shall not be present at the meeting during discussions on the subject matter of the resolution(s).

6. Materiality thresholds

In accordance with Regulation 23 of the SEBI (LODR) Regulations, 2015, the Company has formulated this Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors. Regulation 21(1) of the SEBI Listing Regulations, requires a Company to provide clear materiality thresholds for transactions beyond which the Shareholders' approval will be required by way of a resolution.

Orchid Pharma Limited has fixed its materiality threshold at Rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last Audited Financial Statements of the Company, whichever is lower, for the purpose of Regulation 23 of the SEBI (LODR) Regulations, 2015

7. Review and Approval of Related Party Transactions and Material Related Party Transactions

7.1. Approval of Related Party Transactions by Audit Committee

All Related Party Transactions shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and only the Independent Directors of the Audit Committee shall accord approvals to any transactions with Related Parties.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from voting for approval of the Related Party Transaction. If the Audit Committee determines that the Transactions are not on Arms' Length Basis or not in Ordinary Course of Business, or are "Material", or in any case requires the Board's approval, then it shall recommend such transactions to the Board for its approval. Further, if the Board determines that such transactions are "Material", as per the criteria mentioned above, then it shall recommend such transactions to the Shareholders of the Company for their approval.

Provided that in case of transaction, other than transactions referred to in section 188 of the Companies Act, 2013 and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

The listed entity shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter- corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g) Justification as to why the RPT is in the interest of the listed entity;
- h) A copy of the valuation or other external party report, if any such report has been relied upon;

- i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j) Any other information that may be relevant.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

7.2. Approval of transactions where subsidiary of the company is party but the company is not the party

A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

7.3. Omnibus approval

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary which are repetitive in nature, subject to compliance of the conditions specified in the SEBI Listing Regulations, the Companies Act, 2013 and rules made thereunder.

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) The omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given and such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/ or prescribed under the Companies Act, 2013, read with Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

7.4. Approval by the Board of Directors of the Company

As per the provisions of Section 188 of the Companies Act, 2013 read with rules made thereunder, as amended, all kinds of transactions specified under the said section shall be placed before the Board for its approval. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d) Transactions meeting the materiality thresholds laid down above in the Policy, which are intended to be placed before the shareholders for approval.

7.5. Approval of Shareholders of the Company for Material Related Party Transactions and subsequent material modifications

All material Related Party transactions, such other transactions with related parties exceeding the materiality thresholds, laid down in the Policy and subsequent material modifications as defined in this policy shall be placed before the shareholders for their prior approval. Further, 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 requirements specified above shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a) A summary of the information provided by the management of the listed entity to the audit committee as specified in this policy;
- b) Justification for why the proposed transaction is in the interest of the listed entity;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under this policy;
- d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f) Any other information that may be relevant.

8. Transactions on which "Point 7" of this policy (i.e. sub-regulation (2),(3) and (4) of the SEBI Listing Regulation) shall not be applicable:

- a) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- b) 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.
- c) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

9. Related Party Transactions not approved under this Policy

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) The transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) Rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) The details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) Any other condition as specified by the audit committee:

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."

9.1. Voidable contracts / arrangements

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 under sub- section (1) of Section 188 of the Act, and if it is not 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, 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 authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it. Without prejudice to anything stated above, it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of that section for recovery of any loss sustained by it as a result of such contract or arrangement.

10. Disclosures

Details of all material transaction with Related Parties shall be disclosed to stock exchanges along with compliance report on corporate governance at end of each quarter.

The company shall also submit to stock exchange(s) disclosure of related party transactions in the format as specified by the Board from time to time, and publish the same on its website.

Provided the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

Provided further that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under this policy provided that the same is not material in terms of the provisions of this policy.

11. Amendments in Law

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 the Acts, Rules, Regulations, notifications etc., as may be issued by relevant statutory authorities, from time to time, in regards to subject matter of the policy.

In case of any amendment(s), clarification(s), circular(s), guidance, Standard Operating Procedure (SOP) 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), guidance, SOP etc., shall prevail upon the provisions under this policy.

Further, this policy shall be reviewed by the Board of Directors at least once in every three years and update this policy accordingly.

12. Dissemination of policy

The Company shall disclose the policy on dealing with Related Party Transaction on its website and web-link of the policy shall be provided in the Annual Report.

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