

## **TORRENT PHARMACEUTICALS LIMITED**

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

**(Ref: Regulation 23 of Listing Regulations)**

Revised on: 24<sup>th</sup> May, 2024

#### **1. BACKGROUND**

- A Torrent Pharmaceuticals Limited (the “Company” or “TPL”) recognizes that Related Party Transactions (“RPTs”) present potential or actual conflicts of interest and may raise questions about whether such transactions are in the interest of the Company.
- B The law and regulations applicable to listed entities for RPTs are enlisted below:
- I Companies Act 2013 (“Act”)
- Section 188 of the Act and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
  - Section 177 of the Act and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014
- II Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)
- Regulation 18
  - Regulation 23
- C The following is the list of previous policies on the matter prevailing for time periods specified there against.

<b>Board Approval</b>	<b>Policy</b>	<b>Applicable Time Period</b>
30 Jul 14	Related Party Transactions Policy duly amended on 5 Nov 14 and 29 Oct 15	1 Oct 14 to 30 Jan 19
30 Jan 19	Policy on Materiality of related Party transactions and dealing With related party transactions	30 Jan 19 to 25 May 22
25 May 22	Policy on Materiality of and dealing with related party transaction	25 May 22 to 24 May 24
24 May 24	Policy on Materiality of and dealing with related party transaction	

## 2. **SCOPE**

This policy sets the definition of material RPTs and dealing with RPTs

## 3. **DEFINITIONS**

All the words and expressions used herein shall have the same meaning ascribed to them in the Act, SEBI Act 1992, Listing Regulations or applicable rules and regulations made thereunder and any other relevant legislation applicable to the Company.

## 4. **MATERIALITY OF RELATED PARTY TRANSACTIONS**

The following shall be considered as material RPT.

- A Transaction with a related party shall be considered as material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rupees One Thousand Crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements whichever is lower or such sum as may be prescribed under Listing Regulations and as amended from time to time.
- B A transaction involving payments made to related party with respect to brand usage or royalty shall be considered material if the transaction 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.

## 5. **POLICY**

- A A related party transaction / contract / arrangement shall be in compliance with the provisions of the Act, Listing Regulations and applicable rules and regulations, as amended from time to time.
- B All related party contracts / arrangements shall be entered on an arm's length basis.
- C Related party contracts / arrangements may deviate from the principle of arm's length basis, provided: (a) it is specifically permitted by law or specifically not prohibited by law; and (b) after prior approval from Audit Committee ("AC"), Board of Directors and shareholders, as may be required.
- D All the RPTs and subsequent Material modifications shall require prior approval of the AC and all Material RPTs and subsequent Material modifications shall require prior approval of the Shareholders.

“Material modification” means and includes any modification to an existing RPT having variance of more than 20% of existing limit as approved by the AC, Board of Directors / shareholders, as the case may be.

- E AC shall determine, based on facts and circumstances of the case, whether a RPT is “in ordinary course of business” and whether a RPT is “on arm’s length” basis.

“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 its Memorandum & Articles of Association. The Board and AC may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

- F AC shall grant an omnibus approval in respect of each financial year prior to the start of the year to RPTs in accordance with the Act, Rules & Listing Regulations.

- G The AC shall review on periodical basis:

- I The RPTs undertaken during the period under consideration;
- II The YTD status of RPTs under taken under omnibus approval granted by the Committee for the year.
- III status of long term (more than one year) or recurring RPTs on an annual basis.

- H The AC or the Board of Directors may appoint an external auditors/ independent consultant to review the material related party transactions from time to time.

- I Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or AC during discussions on the subject matter of the resolution relating to such transaction.

## **6. REVIEW OF POLICY**

- A The Company Secretary and in his absence the Chief Financial Officer shall amend this Policy consequent to changes in applicable laws and regulations. Any such change will be placed before the next AC and Board meeting.
- B The Company shall review the Policy every three years, unless such revision is necessitated earlier.

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