

SENORES PHARMACEUTICALS LIMITED

RELATED PARTY TRANSACTIONS POLICY

1. REGULATORY FRAMEWORK

Senores Pharmaceuticals Limited (“**Company**”) recognizes that Related Party Transactions (*as defined below*) may present potential or actual conflict of interest and may pose questions whether such transactions are in the best interests of the Company and its members or not. This policy regarding the review and approval of Related Party Transactions has been formulated in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), as amended from time to time, to lay down principles that will guide the transactions among related parties. The policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, approval and ratification as permitted. This policy (“**Policy**”) has been framed and adopted in accordance with the Listing Regulations and the applicable provisions of Companies Act, 2013 (“**Act**”) read with rules framed thereunder.

Regulation 23 of Listing Regulations requires the Company to formulate a 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. In view of the above, the Company has framed this Policy on Related Party Transactions.

2. OBJECTIVE OF THIS POLICY

The objective of this Policy is to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in accordance with the provisions of the Regulation 23 of Listing Regulations read with relevant provisions of Act. The Policy also sets out the process for identification of Related Parties, materiality threshold for related party transactions, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

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 related party transactions. The Audit Committee may also grant omnibus approval for certain category of transactions, which shall be valid for a period not exceeding one financial year and shall require fresh approval for the next financial year.

3. DEFINITIONS

- 3.1.1. “**Act**” shall mean Companies Act, 2013 and the rules made there under including any modifications, amendments, clarifications, circulars or re-enactments thereof, from time to time.
- 3.1.2. “**Arms’ Length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 3.1.3. “**Audit Committee**” means Audit Committee of the Company as constituted by Board of Directors of the Company and as defined under Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations from time to time.
- 3.1.4. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.
- 3.1.5. “**Independent Director**” means a director of the Company, not being a whole-time director or nominee director and who satisfies other criteria for Independence in accordance with the applicable provisions of the Act and Listing Regulations including Section 149 of the Act and Regulation 16(1) (b) of Listing Regulations.
- 3.1.6. “**Key Managerial Personnel**” or “**KMP**” shall have the same meaning as defined under the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations, 2018.
- 3.1.7. “**Material Related Party Transaction**” means the transaction which individually or taken together with the previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company or such threshold as may be recommended under the SEBI Listing Regulations.

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 per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such threshold as may be recommended under the SEBI Listing Regulations.

- 3.1.8. “**Related Party**” means as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of SEBI (LODR) Regulations and as may be amended from time to time.

Provided that any person or entity forming a part of the promoter or promoter group of the Company and holding 20% or more shareholding in the company shall be deemed to be related party.

- 3.1.9. “**Related Party Transaction**” means a related party transaction as defined under the Listing Regulations, as amended from time to time.
- 3.1.10. “**Subsidiary Company**” or “**Subsidiary**” shall have the meaning as defined under the Act.
- 3.1.11. “**SEBI Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

Each of the Director of the Company and the Key Managerial Personnel is responsible for disclosing (and periodically updating) particulars of his/her interest (including interest of their Relatives) in other Companies, firms or concerns at the time of their appointment, at the beginning of every financial year and any change in such interest during the year. In addition, all the Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

- 4.1. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- 4.2. Notice of any potential Related Party Transaction shall be provided well in advance to the Audit Committee so that it has adequate time to review the proposed Transaction.
- 4.3. The Compliance Officer shall maintain a database of Company’s Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

This Policy will operate within the framework of the Regulation 23 of the Listing Regulations read with the Act and Rules thereunder, as amended from time to time.

5.1. Audit Committee Approval

5.1.1. All Related Party Transactions (and subsequent material modifications) shall require prior approval of the Audit Committee and only those members who are Independent Directors shall approve the Related Party Transactions. Further, 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 if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated and standalone turnover, as per the last audited financial statements of the Company. Further, 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 if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated and standalone turnover, as per the last audited financial statements of the Subsidiary. However, the Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

However, Prior such prior approval of the Audit Committee shall not be required for a related party transaction to which any listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.

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.

- (iii) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (iv) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- (v) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction; (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. 1.00 Crore per transaction.

Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will 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 for its approval:

- (i) Name of party and details explaining nature of relationship;
- (ii) Duration of the contract and particulars of the contract and arrangement;
- (iii) Nature of transaction and material terms thereof including the value, if any;
- (iv) Manner of determining the pricing to ascertain whether the same is on arm's length;
- (v) Business rationale for entering into such transaction; and
- (vi) 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:

- (i) 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.
- (ii) 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.
- (iii) Whether the Related Party Transaction would affect the independence of an independent director.
- (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.
- (v) 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.
- (vi) 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.

5.2. **Board's Approval**

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under the Act or any law for Board to approve the Related Party Transaction then the Board shall consider and approve it and the consideration 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.

Any member of the Board who is in any way, whether directly or indirectly, concerned or interested in any Related Party Transaction shall abstain from discussion and voting.

5.3. **Shareholder's Approval**

All the Material RPTs and subsequent material modification shall require prior approval of the shareholders through resolution and no Related Party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

In addition to above, all kind of transaction specified under Section 188 of the Act which (a) are not on an arm's length basis or not in the ordinary course of business; and (b) exceed the limits as prescribed under the Act shall require prior approval of the shareholders through resolution and no person/entity which is a Related Party in terms of the Act shall vote to approve such transaction.

6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action as it may deem appropriate.

7. DISCLOSURE

Details of all Material Related Party Transactions shall be disclosed to the Stock Exchange quarterly along with the compliance report on corporate governance. The Company shall disclose the Policy on its website and web link shall be provided in the Annual Report.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website in accordance with Regulation 23 (9) of SEBI (LODR) Regulations.

The Company shall disclose details of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount, in the Corporate Governance section of the Annual Report.

The Company shall disclose, in the Board's Report, transactions specified under Section 188 (1) of the Act with Related Parties, which are not ordinary course of business or not on an arm's length basis along with the justification for entering into such transactions.

8. DISCLOSURE BY DIRECTORS

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.

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.

9. REVIEW OF POLICY

The policy shall be reviewed by the Board of Directors at least once every three years and updated as and when required.

10. AMENDMENT IN LAW

The Audit Committee shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. Any subsequent amendment / modification in the SEBI (LODR) Regulation and/or applicable Laws in this regard shall automatically apply to this Policy.
