



ORCHID PHARMA LIMITED
POLICY ON RELATED PARTY TRANSACTIONS AND
MATERIAL RELATED PARTY TRANSACTIONS

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Preamble

The Board of Directors (the "Board") of Orchid Pharma Limited (the "Company" or "Orchid") has adopted the following policy and procedures with regard to Related Party Transactions.

This policy will be applicable to all the related party transactions of the Company. This policy is to regulate transactions between the Company and its Related Parties in compliance with various provisions of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a Company to formulate a policy on materiality of Related Party Transactions and dealing with Related Party Transactions. This Policy on the Related Party Transactions (the "Policy") of the Company set forth the procedures to be followed for approval/ratification of Related Party Transactions in compliance with applicable laws and regulations.

The Policy shall be effective from April 01, 2022 unless otherwise specified with a different date elsewhere in the Policy.

Objective

This policy is framed as per the requirements of Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions of the Companies Act, 2013 and is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Objective of the Policy is to set out (a) the materiality thresholds for related party transactions and the manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

Definitions

The terms included in this Policy shall have the same meaning as defined under the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or other related laws, as amended and applicable from time to time.

"Act" shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"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. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"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;

"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.

"Board of Directors" or "Board" means Board of Directors of the Company, as constituted from time to time.

"Company" means "Orchid Pharma Limited"

"Key Managerial Personnel" means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and Rules made thereunder.

"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.

"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.

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 Company as per the last audited financial statements of the Company.

"Ordinary Course of business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the ordinary course of its trade or business

"Policy" means Related Party Transaction Policy.

"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.

Provided that any person or entity forming a part of the promoter or promoter group of the listed entity and any person or any entity, holding equity shares:

(i) of twenty per cent or more; with effect from April 1, 2022 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 during the immediate preceding financial year; shall be deemed to be a related party."

"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.

Pursuant to Section 188 of the Companies Act, 2013, Related Party Transactions mean, 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.

"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 and includes any one who is related to another, if-

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
 - a) Father (including step-father)
 - b) Mother (including step-mother)
 - c) Son (including step-son)
 - d) Son's wife
 - e) Daughter
 - f) Daughter's husband
 - g) Brother (including step-brother)
 - h) Sister (including step-sister)

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).

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. The Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which the Shareholders' approval will be required by way of a resolution.

All related party transactions and subsequent modifications shall require prior approval of the audit committee of the Company. 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. Further, all Material Related Party Transactions shall require approval of the shareholders as per applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Review and Approval of Related Party Transactions

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 and only the Independent Directors of the Audit Committee shall accord approvals to any transactions with Related Parties. Also, 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, in accordance with the thresholds as prescribed in Regulations 23(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction. The Independent Directors of the Audit Committee shall determine whether the Transactions are on Arms' Length Basis and in Ordinary Course of Business, while providing its approval. 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.

Omnibus approval

The Independent Directors of the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and are on Arm's length basis, subject to compliance of the conditions contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or the provisions of the Companies Act, 2013. Provided that where the need for related party transaction cannot be foreseen and requisite details are not available, Independent Directors of 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 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 and Rules thereunder, and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. SEBI (LODR) Regulations shall be applicable on all prospective Transactions.

In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed there under and obtain approval of the Board or its shareholders, as applicable, for such transaction/contract /arrangement.

Approval by the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis, are 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

Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for their prior approval. For this purpose, all entities falling under the definition of related parties shall not vote irrespective of whether the entity is a party to the particular transaction or not

Related Party Transactions as defined in clause (a) to (g) of sub-section 1 of Section 188 of the Companies Act, 2013 with the Related Parties as defined in the Companies Act, 2013, which are either -

- (i) not in the 'Ordinary Course of Business', or are not on an 'arm's Length Basis' and
- (ii) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for the following transactions:

- Transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

- Transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party 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 Independent Directors of 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy. This Policy will be communicated to all operational employees and other concerned persons of the Company.

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.

Disclosures

Details of all material transaction with Related Parties shall be disclosed to stock exchanges quarterly along with compliance report on corporate governance. The Company shall disclose the policy on dealing with Related Party Transaction on its website and web-link shall be provided in the Annual Report. The Company shall submit, 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 in accordance with the Regulation 23(9) of the SEBI (LODR) Regulations, 2015

The Company shall disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

Amendments in Law

Any subsequent amendment/modification in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 or other applicable laws in this regard shall automatically apply to this policy. The Audit Committee shall review and assess the adequacy of this policy annually and recommend for approval by the Board any changes it considers necessary. The said policy should also be reviewed by the Board at least once in every three years.
