



NECTAR LIFESCIENCES LIMITED
CIN: L24232PB1995PLC016664

Related Party Transactions - Policy & Procedure

1. Introduction

Section 188 of the Companies Act, 2013 ('Act') read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules') and the Securities and Exchanges Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations') requires every listed company to establish a Policy on materiality and/ or of dealing with Related Party Transactions.

Accordingly, this Policy of Nectar Lifesciences Limited ('NLL' or 'the company') has been framed to ensure that Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements as well as to define the procedures by which Related Party Transactions must be reported, reviewed, approved and managed.

This policy shall be reviewed by the board of directors at least once every three years and updated accordingly

2. Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between a company and a related party, 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 and/ or as defined in the Act and LODR Regulations from time to time.

3. Meaning of a "Related Party"

The term 'related party' means as defined under Section 2(76) of the Act and LODR Regulations.

4. Dealing with Related Party Transactions

- A. 1. No Related Party Transaction can be entered into unless approved by the Audit Committee of NLL.

The Audit Committee may give the omnibus approval to related party transaction as per the procedure specified in Para 5 of this policy.

Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Provided further that no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided also that approval of the Audit Committee shall not be required if transactions entered into between NLL and its holding company, if any or its wholly owned subsidiaries, whose accounts are consolidated with NLL and placed before the shareholders at the general meeting for approval of NLL.

2. Except for the transactions entered into by the company in its ordinary course of business at arm's length basis, no contract or arrangement with related party shall be entered into except with the prior approval of the company by a resolution of shareholders with respect to—
 - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding two per cent. of the turnover of the company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding two per cent. of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property of any kind exceeding two per cent. of the net worth of the company or two per cent. of turnover of the company as mentioned in clause (c) of sub-section (1) of section 188;
 - (iv) availing or rendering of any services, directly or through appointment of agent, exceeding two per cent. of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

Explanation.- It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (v) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or
- (vi) Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Provided further that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is related party.

Provided also that the requirement of passing the resolution of shareholder shall not be applicable for transactions entered into between NLL and its holding company, if any or its wholly owned subsidiaries whose accounts are consolidated with NLL and placed before the shareholders at the general meeting for approval.

Explanation-

The Turnover or Net Worth referred in the above sub-rules shall be computed based on the Audited Financial Statement of the preceding financial year.

3. No contract or arrangement which are below the threshold limits as specified above in sub Para (i) to (vi) of Para 2 of this policy and are not transactions entered into by the company in its ordinary course of business at arm's length basis, shall be entered except with the prior approval of Board of Director of NLL.

Every director of a company who is in any way, related party to such related party transactions, shall disclose the nature of his concern or interest at the meeting of the Board in which the related party transaction is to be discussed and shall not participate in such meeting:

Provided that 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 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.

Explanation.—

- (a) the expression "office or place of profit" means any office or place—
 - (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (b) the expression "arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- B. The material Related Party Transactions not covered under (i) to (vi) above shall also require approval of the shareholders through resolution.

Explanation: A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company."

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

Provided that 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 approval of the shareholders through resolution shall not be required if transactions entered into between NLL and its holding company, if any or its wholly owned subsidiaries, whose accounts are consolidated with NLL and placed before the shareholders at the general meeting for approval of NLL.

5. Omnibus Approval by the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall follow the following criteria for granting the omnibus approval of Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - (i) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year:

The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 25% of the annual consolidated turnover of the company as per its last audited financial statements.
 - (ii) The maximum value per transaction which can be allowed:

The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Para 4.B of this Policy.
 - (iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval:

The disclosures as specified in Para 6 of this policy shall be placed before the Audit Committee.
 - (iv) Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made:

The Audit Committee shall review the related party transaction approved through omnibus approval as per Para 5.e of this Policy.
 - (v) Transactions which cannot be subject to the omnibus approval by the Audit Committee:
 - Transactions which are not at arm's length or not in the ordinary course of business

- Transactions which are not repetitive in nature
 - Transactions exceeding materiality thresholds as laid down in Para 4.A.2 and 4.B. of this Policy
 - Transactions in respect of selling or disposing of an undertaking of the Company
 - Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
 - Any other transaction the Audit Committee may deem not fit for omnibus approval
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
- (1) repetitiveness of the transactions (in past or in future);
 - (2) justification for the need of omnibus approval.
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company;
- d. Such omnibus approval shall specify
- (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - (ii) the indicative base price / current contracted price and the formula for variation in the price, if any;
 - (iii) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - (iv) 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 crore per transaction.
- e. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"

- g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

6. Consideration of Related Party Transactions

Any potential Related Party Transactions shall be reported to the Secretarial Department of NLL by the Finance and Accounts Department of NLL for getting the same approved by the Audit Committee and/ or Board of Directors and/ or Shareholders as the case may be.

In considering a Related Party Transaction, the Audit Committee/Board shall consider such factors as it deems appropriate, including:

- (i) the business rationale for the Related Party Transaction;
- (ii) the commercial reasonableness of its terms;
- (iii) the materiality of the Related Party Transaction to NLL
- (iv) whether its terms are (and will be perceived to be) fair to NLL and on the same basis as would apply if the transaction did not involve a Related Party;
- (v) the extent of the Related Party's interest in the Related Party Transaction;
- (vi) if applicable, the impact (or perceived impact) of the Related Party Transaction on a director's independence;
- (vii) the actual, apparent or perceived conflict of interest of the Related Party participating in the Related Party Transaction; and
- (viii) the legal and regulatory requirements to be followed by NLL in respect of the Related Party Transaction.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 for taking approval of related party transaction as per Para 4.A.2 or 4.B of this policy shall contain the following particulars, namely:-

- (1) name of the related party;
- (2) name of the director or key managerial personnel who is related, if any;
- (3) nature of relationship;

- (4) nature, material terms, monetary value and particulars of the contract or arrangement;
- (5) any other information relevant or important for the members to take a decision on the proposed resolution."

7. DISCLOSURES

1. Details of all material transactions with related parties shall be disclosed quarterly along with the Compliance report on corporate governance.
2. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
