



**POLICY ON RELATED PARTY  
TRANSACTION  
OF  
GALAXY MEDICARE LIMITED**



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## 1. PREAMBLE :

The Board of Directors (the Board) of Galaxy Medicare Limited hereby adopts the Policy and Procedures with regard to Related Party Transactions as defined below. The Audit Committee Shall Review and may Suggest Amendments to this Policy from time to time for Board Approval. This Policy is to Regulate Transactions between the Company and its Related Parties based on the Applicable Laws and Regulations Applicable to the Company.

## 2. PURPOSE :

This Policy 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 are at Arms' Length and in the Ordinary Course of Business. Any Exceptions are Subject to Approval.

## 3. DEFINITIONS:

**"Arm's Length Transaction"** shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**"Associate"** shall mean a Company as defined under Section 2(6) of the Act and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and by Accounting Standard (AS) 18, "Related Party Disclosures".

**"Audit Committee or Committee"** shall mean the Audit Committee of the Board Constituted under Section 177 of the Act and Regulations 18 of the SEBI Listing Regulation.

**"Board"** shall mean the Board of Directors of the Company.

**"Control"** means Control as defined in Section 2(27) of the Act and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**"Key Managerial Personnel"** shall mean the Officers of the Company as defined in Section 2(51) of the Act and other Applicable Provisions, if any, as amended from time to time.

**"Policy"** shall mean this Related Party Transaction Policy.



**"Material Related Party Transaction"** shall have the meaning as defined in the Applicable Regulatory Provisions. Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Listing Regulations, this term means a transaction with a related party if (a) the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company or

(b) 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"** shall mean 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 Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

**"Relative"** with reference to any Person, means who is related to another, if:-

- (i) They are Members of a Hindu Undivided Family;
- (ii) They are Husband or Wife or
- (iii) One Person is related to the another in the following manner, namely:
  - a. Father, includes Step-Father.
  - b. Mother, includes Step-Mother.
  - c. Son, includes Step-Son.
  - d. Son's Wife.
  - e. Daughter.
  - f. Daughter's Husband.
  - g. Brother, includes Step-Brother.
  - h. Sister, includes Step-Sister

**"Related Party"** as defined under the Listing Regulation – shall mean a related party as defined under section 2(76) of the Act or under the applicable accounting standards. Provided that (a) any person or entity belonging to the promoter or promoter group of the Company; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 2023; in our Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate Preceding Financial Year shall be deemed to be a Related Party.



Under Section 2(76) of the Act, as referred above, a Related Party with reference to a Company means

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- (i) A Director or his relative;
- (ii) A Key Managerial Personnel or his Relative
- (iii) A Firm, in which a Director, Manager or his Relative is a Partner.
- (iv) A Private Company in which a Director or Manager or his Relative is a Member or Director.
- (v) A Public Company in which a Director or Manager is a Director and holds along with his Relatives, more than Two Per Cent. of its Paid-Up Share Capital.
- (vi) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the Advice, Directions or instructions of a Director or Manager (except Advice, Directions or Instructions given in a Professional Capacity).
- (vii) Any Person on whose Advice, Directions or Instructions a Director or Manager is accustomed to act (except Advice, Directions or Instructions given in a Professional Capacity).
- (viii) Any Body Corporate which is—
  - (a) A Holding, Subsidiary or an Associate Company of such Company.
  - (b) A Subsidiary of a Holding Company to which it is also a Subsidiary or
  - (c) An Investing Company or the Venture of the Company.
- (ix) Such Other Person as may be Prescribed

**"Related Party Transactions"** as defined under the Listing Regulation – (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or (ii) a listed entity or an of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023; 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.

Under Section 188 of the Act, Contracts or Arrangements with 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. Collectively the Related Party Transaction shall Constitute the above.



**"Subsidiary"** means a Company as defined under Section 2(87) of the Act, and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and by Accounting Standard (AS) 18, "Related Party Disclosures".

#### **4. POLICY :**

The Company shall not enter into Contracts or Arrangements with a Related Party without the Approval of the Audit Committee.

On a Quarterly Basis, the Audit Committee shall review Transactions with Related Parties for Omnibus Approval given on the basis of the Applicable Regulatory Provisions. Omnibus Approvals shall be valid for a Period not exceeding One (1) Year and shall require Fresh Approvals after the expiry of One (1) Year.

#### **5. CONTRACTS OR ARRANGEMENT NOT IN THE ORDINARY COURSE OF BUSINESS OR AT ARM'S LENGTH BASIS:**

Contracts or Arrangements Approved which are not in the Ordinary Course of Business or at Arm's Length shall be Disclosed in the Board's Report along with Justification for entering into such Contract or Arrangement.

In the event such Contract or Arrangement is not in the Ordinary Course of Business or at Arm's Length, the Company shall comply with the Provisions of the Act and the Rules framed there under and obtain Approval of the Board or its Shareholders, as applicable, for such Contract or Arrangement.

#### **6. MATERIAL RELATED PARTY TRANSACTION:**

All Material Related Party Transactions will be placed for the approval of the Shareholders of the Company and No Related Party shall vote to approve such Resolutions whether the Entity is a Related Party to the Particular Transaction or not.

Transactions with Wholly Owned Subsidiary(ies), whose Accounts are Consolidated with the Company and placed before the Shareholders at the Annual General Meeting for Approval, are Exempt from Approval of Shareholders.

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.

#### **7. IDENTIFICATION OF RELATED PARTY:**

Each Director and Key Managerial Personal ("KMP") is responsible for providing notice to the Board or Audit Committee regarding Persons and entities to be considered as "Related Party" by virtue of his/her being Director/KMP in the Entity or holding certain Shareholding Percentage. Such Notice shall be provided to the company at the time of Appointment and also at the time of First Board Meeting in Every Financial Year and whenever there is any change in the Disclosures already made.

#### **8. TERMS OF THE POLICY :**

- i) All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.
- ii) All the Related Party Transactions proposed to be entered into shall require Prior Approval of the Audit Committee including the Transactions to be entered in the Ordinary Course of Business. The Audit Committee shall accordingly Recommend the Related Party Transaction for the Approval of Board of Directors/ Shareholders as per the Terms of this Policy.
- iii) All the Related Party Transactions Prescribed under Section 188 of the Act and within the threshold limits prescribed under Rule 15 Sub Rule (3) of the Rules, shall along with the Prior Approval of Audit Committee shall also require Approval of the Board of Directors.
- iv) All the Material Related Party Transactions and Related Party Transactions, exceeding the threshold limits prescribed under Rule 15 Sub Rule (3) of the Rules shall require Prior Approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of Resolution Prescribed under Section 188 of the Act and the Listing Regulation.

#### **9. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS :**

All Related Party Transactions must be reported to the Audit Committee for its Prior Approval in accordance with this Policy. The Committee shall review the Transaction/s and Report the same for Approval of the Board and Shareholders, if required, in accordance with this Policy.



## **1. Approval of the Audit Committee**

- a) All Related Party Transactions shall require Prior Approval of the Audit Committee either at a Meeting or by Resolutions by Circulations. Any Member of the Committee who has potential interest in any Related Party Transaction will abstain from discussion and voting on the Approval of the Related Party Transaction.
- b) Audit Committee shall have all rights to call for Information/Documents in order to understand the scope of the Proposed Related Party Transaction.
- c) The Audit Committee may grant Omnibus Approval for the Proposed Related Party Transaction subject to the following conditions:
  - (i) The Audit Committee shall lay down the criteria for granting Omnibus Approval in line with the Policy on Related Party Transactions of the Company and such Approval shall be applicable in respect of Transactions which are repetitive in nature.
  - (ii) The Audit Committee shall satisfy itself the need for such Omnibus Approval and that such Approval is in the Interest of the Company.
  - (iii) Such Omnibus Approval shall Specify the following:
    - Name(s) of the Related Party.
    - Nature of the Transaction.
    - Period of Transaction.
    - Maximum amount of Transaction that can be entered into
    - The indicative Base Price/Current contracted Price and the formula for variation in the Price, if any, and
    - Such other conditions as the Audit Committee may deem fit.
  - (iv) In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant Omnibus Approval for such Transactions subject to their value not exceeding Rs.1,00,00,000/- (Rupees One Crore) Per Transaction.
  - (v) 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 Approval Given

- (vi) Such Omnibus Approvals shall be valid for a Period not exceeding One Year and shall require Fresh Approvals after the Expiry of One Year.

## **2. Approval of Board of Directors.**

All Material Related Party Transactions which are subject to the Approval of the Shareholders of the Company shall require the approval of the Board at a Meeting thereof. Further, all Related Party Transactions which are not in the Ordinary Course of Business or not on an Arm's Length Basis shall require the prior approval of the Board at a meeting thereof and required compliances Prescribed under Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended, from time to time.

## **3. Approval of Shareholders.**

- a) All the Material Related Party Transactions shall require Approval of the Shareholders through Resolution Prescribed under Section 188 of the Act and the Listing Regulation and the Related Parties shall abstain from voting on such Resolution.
- b) All the Transactions, other than the Material Related Party Transaction, with the Related Parties which are not in the Ordinary Course of Business and at Arms' Length shall, subject to the Limits mentioned in Rules 15(3) of the Rules, also require the Approval of the Shareholders through Resolution Prescribed under Section 188 of the Act and the Listing Regulation and the Related Parties shall abstain from voting on such Resolution.
- c) Transactions that, require Previous Approval of Shareholders of the Company, as Prescribed under Rule 15(3) of the Rules, includes the Transactions/ Contracts/ Arrangements as follows:
  - i) Sale, Purchase or Supply of any Goods or Materials, directly or through Appointment of Agent, exceeding 10% of the Audited Annual Consolidated 'Revenue From Operations' of the Company for the Last Financial Year, as Mentioned in Section 188(1)(a) and (e) of the Act.
  - ii) Selling or otherwise Disposing of or buying property of any kind, directly or through Appointment of Agent, exceeding 10% of Audited Consolidated Net Worth of the Company for the Last Financial Year, as mentioned in Section 188(1)(b) and (e) of the Act.



- iii) Leasing of Property of any kind exceeding 10% of the Net Worth of the Company or 10% of Audited Annual Consolidated 'Revenue from Operations' of the Company for The Last Financial Year, as mentioned in Section 188(1)(c) of the Act.
  - iv) Availing or Rendering of any Services, directly or through Appointment of Agent, exceeding 10% of Audited Annual Consolidated the 'Revenue from Operations' of the Company for the Last Financial Year, as mentioned in Section 188(1)(d) and (e) of the Act.
  - v) Appointment to any Office or Place of Profit in the Company, its Subsidiary Company or Associate Company at a Monthly Remuneration exceeding Rs.2,50,000 as mentioned in 188(1)(f) of the Act and
  - vi) For Remuneration for Underwriting the Subscription of any Securities or Derivatives thereof of the Company exceeding One Percent of the Net Worth as mentioned in Section 188(1)(g) of the Act.
- d) The Limits as provided in Paragraph 3(c)(i) to (iv) above, shall however apply for Transaction or Transactions to be entered into either Individually or taken together with the Previous Transactions during a Financial Year.
- e) However, Transactions with Wholly Owned Subsidiaries are exempt for Approval of Shareholders.

#### **4. Transaction not requiring Approval of Audit Committee, Board or Shareholders.**

Notwithstanding the foregoing, the following Related Party Transactions shall not require Approval of Audit Committee, Board or Shareholders:

- (i) Any transaction that involves the providing of Compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the Reimbursement of Reasonable Business and Travel Expenses incurred in the Ordinary Course of Business.
- (ii) Any Transaction in which the Related Party's Interest arises solely from ownership of Securities issued by the Company and where all holders of such Securities receive the Same Benefits Pro Rata as the Related Party.



#### **10. CRITERIA FOR APPROVAL OF A RELATED PARTY TRANSACTION BY THE BOARD/ AUDIT COMMITTEE:**

- a) To review a Related Party Transaction, the Board / Audit Committee will be provided all relevant Material Information of the Related Party Transaction, including the Terms of the Transaction, the Business Purpose of the Transaction, the Benefits to the Company and to the Related Party and any other Relevant Matters.
- b) The Information provided shall specifically cover the following:
  - (i) The Name of the Related Party and Nature of Relationship.
  - (ii) The Nature, Duration of the Contract and Particulars of the Contract or Arrangement.
  - (iii) The Material Terms of the Contract or Arrangement including the value, if any.
  - (iv) Any Advance Paid or Received for the Contract or Arrangement, if any.
  - (v) The Manner of determining the Pricing and other Commercial Terms, both included as Part of Contract and not considered as Part of the Contract.
  - (vi) Whether all factors relevant to the Contract have been Considered, if not, the details of Factors not considered with the rationale for not considering those Factors.
  - (vii) The Persons/Authority approving the Transaction and
  - (viii) Any Other Information relevant or important for the Committee to take a decision on the Proposed Transaction.
- c) In determining whether to approve a Related Party Transaction, the Board/ Audit Committee shall consider the following factors, amongst others, to the extent relevant to the Related Party Transaction: -
  - (i) Whether the Transaction is in the Ordinary Course of Business of the Company.
  - (ii) 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.
  - (iii) Whether there are any undue Compelling Business Reasons for the Company to enter into the Related Party Transaction and the nature of Alternative Transactions, if any.
  - (iv) Whether the Related Party Transaction would affect the Independence of the Directors/KMP.
  - (v) Whether the Proposed Transaction includes any Potential Reputational risk issues that may arise as a result of or in connection with the Proposed Transaction.
  - (vi) Where the Ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the Prior Approval of the Committee and the relevance of business urgency and whether Subsequent Ratification would be detrimental to the Company and



vii) 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.

## **11. DISCLOSURE:**

a) Every Director of a Company who is in any way, whether Directly or Indirectly, concerned or Interested in a Contract or Arrangement or Proposed Contract or Arrangement entered into or to be entered into

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(i) With a Body Corporate in which such Director or such Director in Association with any Other Director, holds more than Two Per Cent. Shareholding of that Body Corporate, or is a Promoter, Manager, Chief Executive Officer of that Body Corporate or

(ii) With a Firm or Other Entity in which, such Director is a Partner, Owner or Member, as the case may be, shall disclose the nature of his Concern or Interest at the Meeting of the Board in which the Contract or Arrangement is discussed and shall not participate in such Meeting:

Provided that where any Director who is not so Concerned or Interested at the time of entering into such Contract or Arrangement, he shall, if he becomes Concerned or Interested after the Contract or Arrangement is entered into, Disclose his Concern or Interest forthwith when he becomes Concerned or Interested or at the First Meeting of the Board held after he becomes so Concerned or Interested.

b) All Directors/ KMPs are required to Disclose the Entities in which they or their Relatives are or deemed to be Interested, in the Prescribed Form.

c) Each Director and KMP of the Company shall Promptly notify the Company Secretary of the Company of any Material Transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.

d) The Company shall maintain Register Pertaining to Related Party Transactions in the Prescribed Form.

e) The Related Party Transaction entered into with the Related Party/ies shall be Disclosed in the Director Report / Annul Report as per the Disclosure Requirement of the Act.



- f) The Policy on dealing with Related Party Transactions is Disclosed in the Company's Website and a Web Link thereto shall be provided in the Annual Report.
- g) Details of all Material Transactions with Related Parties shall be Disclosed, Quarterly in the Compliance Report on Corporate Governance as required under Listing Agreement.

#### **12. RATIFICATION:**

Where any Contract or Arrangement is entered into by a Director or Employee of the Company with Related Party without obtaining the Consent of the Board or Approval of Shareholders, and if the same is not ratified by the Board or Shareholders as the case may be within 3 (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, at the option of the Shareholders.

#### **13. AMENDMENTS:**

The Company may Amend the Policy as and when it deems necessary either Pursuant to any Change in Law or Otherwise. The Company shall be free to devise and implement any Supplementary or other Policies and Guidelines in respect hereof for better Implementation of this Policy.

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