

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Companies Act, 2013

INTRODUCTION AND BACKGROUND:

The Company recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

All Related Party Transactions (RPT), as that term is defined in this policy, shall be subject to review in accordance with the procedures set forth below. The Board has determined that the Audit Committee (the "Committee") is best suited to review all Related Party Transactions.

SCOPE AND INCLUSION:

This policy sets definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

DEFINITIONS:

Related Party Transaction:

"Related Party Transaction" means related party transaction as defined under Regulation 2 (1) (zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

Related Party:

"Related Party" means related party as defined under section 2(76) of the Companies Act, 2013 and shall be considered as related to the Company if such person/entity is a related party under the applicable accounting standards.

Material Related Party Transactions:

Transaction with related Party shall be considered as material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual turnover of the company as per the last audited financial statements of the company or such higher limit as may prescribed u/r 23(1) of the LODR with a related party."

Royalty / brand usage payment to a related party (all transactions taken together in a financial year) shall deemed to be material if the transactions exceed 5% of the annual consolidated turnover of the Company during as per the last audited financial statement of the Company or such higher limit as may prescribed u/r 23(1) of the LODR.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Companies Act, 2013, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

PROCEDURE:

1. Each Director who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Committee concerning such Related Party Transaction and his or her interest in such transaction.
2. Management shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
 - a) A general description of the transaction(s), including the name of the related party and nature of relationship, duration of the contract and particulars of the contract or arrangement, maximum amount of transaction that can be entered into, the material terms and conditions.
 - b) The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
 - c) any advance paid or received for the contract or arrangement, if any and the approximate value of the transaction(s) and the approximate value of the Related Party's interest in the transaction(s)
 - d) In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made in the financial year.
 - e) In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.
 - f) 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 and any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).
3. Consent of the Board and the Shareholders would also be taken in respect of all RPTs, provided that such consent would not be required in the following cases:
 - a) The transactions are entered into by the company in its ordinary course of business and are on an arms' length basis; and
 - b) The transaction / transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company or such higher limit as may prescribed u/r 23(1) of the LODR with a related party.
4. Where Board consent / shareholders' approval is required a) the agenda of the Board meeting at which the resolution is proposed to be moved and b) explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

5. Where RPTs require approval of the Board and the shareholders through resolution, (a) any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement and b) all entities falling definition of Related Party (ies) shall abstain from voting on such resolution of the shareholders.
6. If any contract or arrangement is entered by a Director or any employee without the consent of the Board or without Special Resolution in General Meeting due to some urgency, it shall be ratified by the Board or General Meeting by means of Special Resolution within 3 months from the date on which such Contract or arrangement was entered into else it shall be Voidable at the option of the Board or as the case may be, of the shareholders.
7. In case the market price of any transactions/arrangements are not available or cannot be ascertained and could not be executed with outsiders due to secrecy of the nature of products or formula, such transactions shall be done as far as possible to the nearing market price and after citing justification to the Audit committee for such transaction and necessity.
8. If a Related Party Transaction will be ongoing/ proposed to be entered into by the company, the Committee may grant omnibus approval for ongoing dealings/ proposed related party transactions. 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 and (iii) such other conditions as the Audit Committee may deem fit.

If 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 one crore per transaction. The Audit Committee shall lay down the criteria /guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the company. Such approval shall be applicable in respect of transactions which are repetitive in nature and only for one year.

APPROVAL:

All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.

All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

AMENDMENT:

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

REVIEW OF THE POLICY:

The Audit Committee periodically shall review this Policy once in every three years and may recommend amendments to this Policy from time to time as it deems appropriate.

DISCLOSURE:

The Policy is disclosed on Company's website i.e., www.accretionpharma.com