

KIMIA BIOSCIENCES LIMITED
CIN: L24239HR1993PLC032120
RELATED PARTY TRANSACTION POLICY

[Pursuant to Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

1. PREAMBLE:

The Company is committed to uphold the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors (“the Board”) of Kimia Biosciences Limited (“the Company” or Kimia), has adopted the Related Party Transaction Policy (“the Policy”) with regard to identification of related parties and review, approval and conduct of transactions entered into with Related Party in compliance with the requirements of the Companies Act and Rules made thereunder and any subsequent amendments thereto (the “Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”) and any subsequent amendments thereto and applicable accounting standards, in order to ensure the transparency and procedural fairness of such transactions.

2. OBJECTIVE:

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders and to set out the materiality thresholds for related party transactions.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related parties. Further, the Board of Directors may review and amend this policy from time to time as may be required based on the recommendations of the Audit Committee as constituted by the Board of the Directors of the Company (“the Audit Committee”).

The Audit Committee shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the provisions of the Act, the SEBI Listing Regulations and applicable Accounting Standards.

Any exceptions to the Policy on Related Party Transactions must be consistent with the Act and the Rules promulgated thereunder, the SEBI Listing Regulations and applicable accounting standards and must be approved in the manner as may be decided by the Board of Directors.

3. DEFINITIONS:

“Audit Committee or Committee” means Audit Committee of the Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

“Board” means the Board of Directors of the Company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, defined as under:

“Control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

“Key Managerial Personnel”, in relation to a Company, means (as defined under the Companies Act, 2013) –

- i. The Chief Executive Officer or the Managing director or the Manager;
- ii. The Company Secretary;
- iii. The Whole-Time Director; and
- iv. The Chief Financial Officer; and
- v. Such other officers as may be prescribed

“Material Related Transaction” means a transaction with a related party if the transaction/s to be entered into individually or taken together with previous transaction/s entered into with such related party, during a financial year, exceeds the higher of five percent (5%) of the annual turnover or twenty percent (20%) of the net worth of the Company as per the last audited financial statements of the Company.

“Policy” means Related Party Transactions Policy

“Related” means an entity shall be considered as related to the Company if: i. Such entity is a related party under Section 2(76) of the Companies Act, 2013; or ii. Such entity is a related party under applicable Accounting Standards.

“Related Party Transactions” means any transaction, directly or indirectly, with any Related Party which is a transfer of resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if

- i. They are members of a Hindu Undivided Family;
- ii. They are husband and wife;
- iii. Father (including step father);
- iv. Mother (including step mother);

- v. Son (including step son);
- vi. Son's wife;
- vii. Daughter;
- viii. Daughter's husband;
- ix. Brother (including step-brother); and
- x. Sister (including step-sister)

“Associate Company”, in relation to another company, means a company in which that other company 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:

- (i) “Significant influence” means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement.
- (ii) “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.

Any other term not defined herein shall have the same meaning as defined in the Act, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4. Transaction Covered by this Policy

Transaction covered by this policy include any contract or arrangement with a related party with respect to transactions defined hereunder as “Related Party Transaction”.

Provided that any transactions entered into by the Company with a Related Party in its ordinary course of business and at arm's length basis shall not require any approval of the Board of Directors of the Company except prior approval of the Audit Committee. However, the Material Related Party Transactions and subsequent Material Modifications shall be approved by the Audit Committee/ Board of Directors/ Shareholders, as the case may be, in terms of the provisions of the SEBI Listing Regulations and other applicable laws.

5. Details required for ascertaining Related Party

The following details shall be required:

- (i) Declaration/ Disclosure of interest by all the Directors and KMPs in form MBP-1 or such other forms as may be prescribed from time to time.
- (ii) Declaration of relatives by all Directors and KMPs.
- (iii) Declaration about a firm in which a Director/Manager or his relative is a partner.

- (iv) Declaration about a private company in which a Director or Manager or his relative is a member or director.
- (v) Declaration regarding a public company in which a Director or manager is a Director and holds along with the relatives more than 2% of its paid up share capital.
- (vi) Notices from Directors of any change in particulars of Directorship or in other positions during the year.
- (vii) Details of 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 of the Company.
- (viii) Details of any person on whose advice, directions or instructions a director or manager is accustomed act.

Provided nothing in point no. 7 & 8 shall apply to the advice, directions or instructions given in a professional capacity.

- ix) Details of any Company which is
 - (a) A holding, subsidiary or an associate company of the company; or
 - (b) A subsidiary of a holding company to which it is also a subsidiary.

Details from Serial No. 1 to 8 shall be provided at the beginning of every year and whenever there is a change in the disclosure so made.

6. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION:

The Responsible Person (Company Secretary/ Chief Financial Officer) shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, firms etc. identified on the basis of the definition set forth in Definition Clause 3 & 4 above, along with their personal/ company details including any revision therein.

The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

RESPONSIBLE PERSON shall collate the information, coordinate and send the Related Party List to the concerned employees which may include CMD, CEO, Accounts and Finance Department and Statutory Auditor and who he believes might be in a position to conduct or know of the possible conduct of Related Party Transactions.

In determining whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Transactions is in the interest of the Company and its Stakeholders and there is no actual or potential conflict of interests between the related parties.

7) **PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION**

Approval of the Audit Committee

- 1) All related party transactions and subsequent Material Modification(s) shall require prior approval of the Audit Committee of the Company. Also, any modifications other than Material Modification(s) of the existing Related Party Transactions shall require approval of the Audit Committee of the Company.
- 2) 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, if the value of such transaction whether entered into individually or taken together with previous transactions in a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company.

However, w.e.f 01st April, 2023, approval of the Audit Committee of the Company would be required if transaction value exceeds 10% of the annual standalone turnover, as per latest audited financial statements of the subsidiary.

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

- 3) While seeking approval of the Audit Committee, the Company would provide the information for review of the Audit Committee as required under SEBI Listing Regulations, the Act and other applicable notifications, circulars etc, issued from time to time including amendments thereof.
- 4) Also, the Company may obtain omnibus approval from the Audit Committee for transactions subject to compliances with the following conditions:
 - a) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely.
 - i) Maximum value of transaction, in aggregate, which can be allowed under the omnibus route in a year.
 - ii) The maximum value per transaction which can be allowed;
 - iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
 - iv) Review, at such intervals as the Audit Committee may deem fit, related party transactions entered into by the Company pursuant to each omnibus approval made;
 - v) Transactions which cannot be subject to the omnibus approval by the Audit Committee.
 - b) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:

- i) Repetitiveness of the transaction (in past or in future)
 - ii) Justification for the need of omnibus approval
- c) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in interest of the Company;
- d) The omnibus approval shall provide of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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 transactions cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to the value not exceeding rupees 1 crore per transaction.

- e) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the Company pursuant to the omnibus approval given;
- f) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- h) Any other conditions as the Audit Committee may deem fit.

Threshold Limits:

- i) Pursuant to the SEBI Listing Regulations, the threshold limits for RPT's for granting omnibus approval for each financial year shall be as under that may be revised by the Board from time to time.

S. No	Criteria	Amount (Rs in Crores)
1.	Maximum value of transactions, in aggregate which can be approved under omnibus approval route for a financial year	150.00

- 5) Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall abstain from discussing and voting on the subject matter of the resolution relating to such transactions.
- 6) Only those members of the Audit Committee who are Independent Directors shall approve the related party transactions.
- 7) The Audit Committee shall also review the status of long term (more than one year) or recurring.

Approval of the Board of Directors of the Company.

As per the provision 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 arms' length price shall be placed before the Board for its approval.

All the Material Related Party Transactions and subsequent Material Modifications shall be considered and approved by the Board before placing them before shareholders for their approval except for those transactions that do not require approval under section 177 and 188 of the Act and are transactions entered into between the Company and its wholly-owned subsidiary or between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Approval of the Board of Directors of the Company.

All the transactions with related parties exceeding the materiality threshold prescribed under the act and Material Related Party Transactions and subsequent Material Modification(s) shall require prior approval of the shareholders and no related party shall vote to approve such transactions, whether the entity is a related party to the particular transaction or not.

While seeking approval of the Shareholders, the Company would place/provide the information in the explanatory statement as required under SEBI Listing Regulations, the Act and other applicable, notifications, circular, etc issued from time to time including amendments thereof.

In addition to the above, all kinds of transactions specified under Section 188 of the Act, which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the threshold laid down in Companies (Meeting of Board and its Powers) Rules, 2014, the Material Related Party Transactions and subsequent Material Modifications shall be placed before the shareholders for their approval.

Any Shareholder of the Company who is a Related Party with reference only to the contract or arrangement for which the said resolution is being passed shall abstain from voting on such resolutions in terms of the provisions of the Act.

Prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary of the Company is a party but the Company is a not a party and Regulation 23 and sub section (2) of Regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.

Exemptions

Nothing contained in this policy shall apply to any contract or arrangement

- (i) In the ordinary course of its business and at arm's length price.
- (ii) Contract with a public company in which relative of a director/manager is only a director/member.

Disclosures

(a) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.

(b) Details of all Material Related Party Transactions shall be disclosed on a quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.

(c) The Company is also required to disclose this policy on the website of the Company.

(d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

This Policy will be communicated to all operational employees and other concerned persons of the Company.