



# Sun Pharma Advanced Research Company Limited

## Related Party Transactions Policy

*This revised Policy is adopted by the Board of Directors at its meeting held on May 17, 2022 and the same shall take retrospective effect from April 01, 2022.*

## 1. Introduction

The Board of Directors (the '**Board**') of Sun Pharma Advanced Research Company Ltd. (the '**Company**') has adopted this policy and procedures with regard to Related Party Transactions ('**Policy**'), in line with the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**SEBI (LODR) Regulations**') read with Section 188 of the Companies Act, 2013 including the Rules made thereunder (hereinafter referred to as '**the Act**') as amended and for the time being in force.

The Policy shall be subject to periodic review by the Board at an interval not exceeding three years from the date of its previous review/ approval.

## 2. Objective

The objective of this Policy is to determine 'materiality' of the Related Party Transaction(s), material modifications to the Related Party Transaction(s) and to lay down principles for dealing in Related Party Transactions in the Company to ensure that conflict of interest is avoided and the Related Party Transactions are entered into keeping in mind the best interest of the Company and its stakeholders.

## 3. Materiality Thresholds

A transaction, with a Related Party shall be considered material' if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per 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 per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The thresholds mentioned above shall always be in line with the thresholds prescribed under SEBI (LODR) Regulations as may be amended from time to time. In case of any difference between the thresholds under this policy and the SEBI (LODR) Regulations, the thresholds under SEBI (LODR) Regulations shall prevail

#### **4. Material Modifications**

Material Modification in relation to a Related Party Transaction would mean any modification, to a duly approved Related Party Transaction, i) which constitutes an increase of 20% or more of the value or Rs. 10 lakhs whichever is higher or ii) is considered material by the Chief Executive Officer and/or Chief Financial Officer of the Company, in each case, based on the nature of the relevant Related Party Transaction.

#### **5. Dealing with Related Party Transactions**

All the transactions which are identified as Related Party Transactions and subsequent Material Modifications thereof, shall require prior approval of the Audit Committee in the manner specified under the SEBI (LODR) Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

While reviewing the Related Party Transactions, the Audit Committee shall ensure that;

- The transaction is in the best interest of the Company.
- The conflict of interest is avoided and the transactions are carried out on arm's length basis. For determination that the transactions are at arm's length basis, the Committees may rely on reports / certificates of the independent subject matter experts as it may deem necessary.

The Audit Committee may grant omnibus approval for Related Party Transactions in accordance with requirements mentioned under the Act and/or SEBI (LODR) Regulations and in line with the criteria approved by the Board of Directors from time to time

Notwithstanding the above, all Related Party Transactions shall be in compliance with the applicable provisions under the Act and SEBI (LODR) Regulations as may be amended from time to time

#### **6. Related party transactions not approved under this policy**

In the event the Company becomes aware of a Related Party Transaction has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. 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 failure of the internal control systems, 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 Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

## **7. Disclosure of the Policy**

This policy shall be uploaded on the website of the Company.

*All the capitalised terms referred herein but not defined in this Policy, shall have the same meaning as defined in the Act, SEBI (LODR) Regulations, or any other applicable law or regulation.*

*In the event of any conflict between the provisions of this Policy and of the Act or SEBI (LODR) Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI (LODR) Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (LODR) Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.*