

# **Policy on Related Party Transactions**

**Zota Health Care Limited**

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## 1. Requirements and Scope:

The Board of Directors (the “**Board**”) of Zota Health Care Limited (the “**Company**”) has adopted this policy on related party transaction under section 177, 188 and any other applicable provisions of the Companies Act, 2013 (the “**Act**”) read with the Companies (Meeting of Board and its Power) Rule, 2014 and Regulation 23 of the Security and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Regulations**”).

## 2. Objectives:

Objective of this policy is to timely reporting, disclosure and compliance of matters related to related party transactions as per requirements of laws.

## 3. Definitions:

(1) **Arm’s length transactions** mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

(2) **Related Party**, with reference to a company, means-

“Related Party” as defined under Regulations and under sub-section (76) of section 2 of the Act and the rules framed thereunder or under the applicable Accounting Standards.

Related Party` as per Section 2(76) of the Act:

- a) a director or his relative;
- b) a key managerial personnel or his relative;
- c) a firm, in which a director, manager or his relative is a partner;
- d) a private company in which a director or manager [or his relative] is a member or director;
- e) a public company in which a director or manager is a director and holds along with relatives, more than two percent of its paid-up capital;
- f) 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;
- g) any person on whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- h) any company which is-
  - (a) a holding, subsidiary or an associate company of such company; or
  - (b) a subsidiary of a holding company to which it is also a subsidiary;

(3) “**Relative**”, with reference to any person means any one who is related to another if-

- i. they are members of a Hindu undivided family
- ii. they are husband and wife; or
- iii. one person is related to the other in following manner:
  - (a) Father (including step-father)

- (b) Mother (including step-mother)
- (c) son (including step-son)
- (d) Son's wife
- (e) Daughter
- (f) Daughter's husband
- (g) Brother (including step-brother)
- (h) Sister (including step-sister)

**(4) "Related Party Transaction"** means transactions as defined or given under clause (a) to (g) of sub-section (1) of Section 188 of the Act and the Rules related thereto and as defined under Regulation 2(zc) of Regulations including modifications or amendments made thereto.

**(5) Material Related party Transaction:** A transaction with related party shall be considered material of 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 listed entity as per last audited financial statements of the company whichever is lower.

A transaction involving payments made to related party with respect to brand usage or royalty shall be considered material of the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the listed entity as per last audited financial statements of the company whichever is lower.

**(6) Material Modification:** Any transaction shall mean modification of such transaction resulting in change of more than 10% of the total monetary value of such transaction as last approved.

**(7) Key Managerial Personnel** in relation to a Company means

- I. The Chief Executive Officer, or the Managing Director or the Manager;
- II. The Company Secretary
- III. The Whole-time director;
- IV. Chief Financial Officer;
- V. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- VI. Such other officer as may be prescribed

**(8) Audit Committee** means audit committee constituted under section 177 of the Companies Act, 2015 (the "Act").

#### **4. Policy on Related party Transactions:**

All related party transactions shall be approved by the Audit Committee of the Company all related party transactions must be reported to the Audit Committee for their approval.

The Audit Committee shall review the transactions and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy.

## **5. Identification of Related Party Transactions:**

Every promoter, director and key managerial personnel of the Company are responsible to provide notice to the Board before entering into any related party transactions apart from this every promoter, director and key managerial personnel of the Company shall provide disclosure of interest/concern about his / her Relatives, firms, companies, body corporates, or other association of individuals, in which such promoter, director or key managerial personnel is interested, whether directly or indirectly, to the Company or the subsidiary:

- i. at the time of appointment;
- ii. starting of every financial year;
- iii. whenever there is any change in the information already submitted.

Board of the Company shall record all disclosure of interest received from the directors of the Company then the Audit Committee of the Company will decide whether transaction is fall under related party transactions or not.

## **6. Approval:**

### **6.1. Prior approval by the Audit Committee:**

All related party transactions and all subsequent Material Modifications thereto are required prior approval of the Audit Committee of the Company whether it's approved by Board of the Company or by Shareholders of the Company. Provided that only those members of the audit committee, who are Independent Directors, shall approve related party transactions.

Also, any related party transaction(s) to be entered into by the subsidiary of the Company to which transaction the Company is not a party shall require the prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transaction(s) during the financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statement of the Subsidiary.

Prior approval of the Audit Committee shall not be required for:

- i. Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of Regulations are applicable to such listed subsidiary.
- ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- iv. transactions entered into 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.

- v. remuneration and sitting fees paid by Company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Regulations.
- vi. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and Central Government or State Government or any combination thereof on the other hand.

The Members of the Audit Committee, who are Independent Directors, may ratify Related Party Transactions within a period of 3 (three) months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of this Policy;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the half-yearly disclosures of Related Party Transactions made to the Stock Exchanges;
- v. any other condition as specified by the audit committee

**6.1.1. Omnibus approval by the Audit Committee:** The Company or its subsidiary(ies) may obtain omnibus approval from the Audit Committee of the Company for such transactions which are repetitive in nature, subject to following conditions:

- (1) The Audit Committee may grant omnibus approval for Related Party Transactions subject to following conditions:
  - (a) Maximum amount of the transaction which can be allowed during the year;
  - (b) Maximum amount per transaction which can be allowed;
  - (c) Maximum transaction which can be allowed during one year;
  - (d) Information and disclosures requires to submit to the Audit Committee for such transactions.
- (2) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- (3) The omnibus approval shall define:
  - i. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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.

In case of above details are not available the Audit Committee may grant omnibus approval for such transactions for value of such transactions does not exceeding rupees one crore per transaction.

- (4) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary(ies) pursuant to each of the omnibus approvals given.
- (5) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

## **6.2. Approval of Board of Directors:**

Transactions which are not in ordinary course and at arm's length shall require prior approval of Board. When any director interested in any related party transactions which are requires prior approval of Board such interest director shall not participate in the discussion of that particular subject matter that shall be discussed in meeting of the Board.

Criteria for given omnibus approval decided by the Audit Committee at any time shall be approved by the Board of Directors.

## **6.3. Approval of Shareholders:**

In following cases requires approval of Shareholders:

- All Material Related Party Transactions shall require approval of shareholders of the Company through ordinary resolution and all related party shall not participate in the voting on such resolution.
- Transactions which are not in ordinary business and not at arm's length price and cross threshold limits specified in section 188 of the Companies Act, 2013 shall require the prior approval of shareholders of the Company through ordinary resolution. All the related parties shall not vote on such resolution.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of Regulations are applicable to such listed subsidiary.

- iii. Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- iv. transactions entered into 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.
- v. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and Central Government or State Government or any combination thereof on the other hand.

#### **7. Related Party Transaction not approved under this policy:**

In case of Company become aware that any related party transactions entered without prior approval under this policy, the matter shall be reviewed by the Audit Committee. After that the Audit Committee may cancel, ratify, modify or do such other actions as appropriate in accordance with the terms of this policy. The Committee shall also go through the facts, circumstances because of which particular transactions not reported under this policy and take such actions as appropriate.

In any case, where any Related party transaction is entered into without the approval of Audit Committee and subsequently the Audit committee has not ratified such transaction, the Audit Committee may take/direct such additional actions including, but not limited to, discontinuation of the such transaction, payment of compensation for the loss suffered by the related party, etc. In case if such transaction is entered into by or with the consent of any Director, the Director concerned shall indemnify the Company against any loss incurred by such transaction.

Further, if any contract / arrangement is entered into by any Director or any other employee without obtaining the consent of the Board / shareholders as stipulated under provisions of Section 188(1) of the Act, which is subsequently not ratified by the Board / shareholders, as the case may be, within a period of 3 months from the date on which such contract / arrangement was entered into, such contract / arrangement shall be voidable at the option of the Board / shareholders, as the case may be. In case if such contract / arrangement is entered into by or with the consent of any Director, the Director concerned shall indemnify the Company against any loss incurred by such contract / arrangement.

#### **8. Disclosure of Policy:**

This policy shall be displayed in the website of the Company and also web link of the Policy shall be provided in the annual report of the Company.

All transactions with related parties which are not in ordinary business and not at arm's length price as per section 188 of the Companies Act, 2013 shall be disclosed in the Annual Report of the Company.

A Register pertaining to Related Party Transactions is maintained by the company in accordance with the Act, which is placed before the Board / annual general meeting as per the requirements of Act.



Disclosure regarding Related Party relationship and transactions with them are made in the Financial Statements as per the requirements of relevant Accounting Standards and the Listing Regulations.

The Company shall submit on the date of publication of its standalone and consolidated financial results, the disclosures of related party transactions on a consolidated basis, in the format as specified by the SEBI time to time, to the stock exchanges and publish the same on its website.

**The above policy on Related Party Transaction has been approved by the Board of Directors of the Company in their meeting held on 10<sup>th</sup> September, 2016, subsequently reviewed and modified, wherever applicable.**