

**EVEXIA LIFECARE LIMITED POLICY**  
**ON RELATED TRANSACTION POLICY**

**SCOPE AND PURPOSE OF THE POLICY**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of a company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under Section 188 of the Companies Act, 2013 (the “Act”) read with the rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”), Evexia Lifecare Limited (“the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. Further, Regulation 23(2) requires the Audit Committee to define material modification and disclose it as a part of the Policy.

Going forward, the Board would review and amend the Policy, at least once every three years, subject to the approval of the Board, unless there is a change in applicable regulations and/or in business conditions affecting the Company/its subsidiaries, which requires an earlier change to the Policy.

If the terms of this Policy differ from any existing or newly enacted regulation or standard governing the Company, such regulation or standard will take precedence over this Policy until this Policy is changed to conform to said regulation or standard.

**OBJECTIVE OF THE POLICY**

The objective of this Policy is to set out

- (a) the materiality thresholds for related party transactions,
- (b) define material modification and
- (c) the manner of dealing with and disclosing the transactions between the Company and its related parties as required under the Act, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

**DEFINITIONS**

“**Arm’s Length Transaction (‘ALP’)**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest

“**Ordinary Course of Business (‘OCB’)**” means a transaction which/wherein:

- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“MoA”) of the Company as amended from time to time, or
- is as per historical practice with a pattern of frequency, or

- the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or
- is common commercial practice, or
- meets any other parameters/criteria as decided by the Board/Audit Committee

A **“Material modification”** means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

**“Material Related Party Transactions”** shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations.

**“Relative”** in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act.

**“Related Party”** shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations and under applicable accounting standards, each as amended. Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”.

**“Related Party Transactions”** shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188(1) of the Act.

In case of any dispute or difference upon the meaning / interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

## **MATERIALITY THRESHOLD**

Regulation 23 of the SEBI Listing Regulations requires the Company to provide materiality thresholds for transactions beyond which prior approval of the shareholders' will be required by way of a resolution.

The company has fixed its materiality thresholds at the level prescribed under explanation to Regulation 23(1) of the SEBI Listing Regulations as under

In case of transaction to be entered individually or taken together with previous transactions during a financial year involving payments made to a Related Party with respect to brand usage or royalty, if it exceeds five percent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.

In case of any other transaction, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1,000 crore or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Further, Regulation 23 of the SEBI Listing Regulations provide that any subsequent material modifications to the terms of such transactions, as defined by the Audit Committee, shall also require shareholders' prior approval by way of a resolution.

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

### Disclosures by Directors

Every director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

### Identification of Related Party

Each director and Key Managerial Personnel is responsible for providing notice to the Company or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board / Audit Committee may reasonably request.

Each director and Key Managerial Personnel shall make an annual declaration as per the provisions of the Companies Act and the rules framed thereof with respect to Related Party transactions to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board at their first meeting held at the succeeding financial year.

Any change in the list of Relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

### Identification of Related Party Transactions

The Audit Committee shall identify related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. The Audit Committee shall determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Audit Committee may seek external professional opinion, if necessary.

## **PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS**

### **Approval of the Audit Committee**

1. Subject to exemptions specified in the SEBI Listing Regulations, all related party transactions and subsequent material modifications require prior approval of the Audit Committee. Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction
2. Only Members of the Audit Committee, who are independent directors, shall approve related party transactions
3. 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 during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company
4. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
5. However, in case of related party transactions which cannot be foreseen and where the specified details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction.
6. 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.
7. Such omnibus approval shall be valid for a period not exceeding 1 financial year and shall require a fresh approval after expiry of such financial year.
8. While seeking approval for a Related Party Transaction placed before the Audit Committee, the Audit Committee shall be provided with the information as required to be provided under the Act and the SEBI Listing Regulations.
9. The Board may consider the details as required to be provided under the Act and the SEBI Listing Regulations to the Audit Committee, in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

10. The requirement for seeking Audit Committee approval for related party transactions shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies 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**

As per the provisions 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 arm's length basis, are placed before the Board for its approval, whether or not it is a material Related Party Transaction. Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

### **Approval of the shareholders of the Company**

1. All the transactions with related parties meeting the materiality thresholds
2. The notice being sent to the shareholders seeking approval for any proposed related party transaction shall, include information as required under the Act and the rules framed thereunder and the SEBI Listing Regulations, each as amended.
3. The omnibus shareholders' approval of material related party transactions approved in an annual general meeting shall be valid up to the date of the next annual general meeting for a period not exceeding fifteen months. Further in case of omnibus approval for material related party transactions, obtained from shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year.
4. All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for their approval.
5. For this purpose, no related party shall vote to approve the relevant resolution irrespective of whether the entity is a related party to the particular transaction or not.

Pursuant to Regulation 23(5)(b) and (c) of the SEBI Listing Regulations and Section 188(1) of the Act the requirement for seeking shareholders' approval shall not be applicable, inter alia, to:

Transactions entered 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.

Transactions 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.

Above prior approval of the shareholders shall not be required in cases where the subsidiary is a listed entity and Regulations 23 and 15(2) of the SEBI Listing Regulations are applicable to such listed subsidiary.

#### **FOLLOWING SHALL NOT BE A RELATED PARTY TRANSACTION**

1. The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
2. The following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - a) Payment of dividend;
  - b) Subdivision or consolidation of securities;
  - c) Issuance of securities by way of a rights issue or a bonus issue; and
  - d) buy-back of securities
3. Acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

#### **DISCLOSURES**

The Company shall disclose, in the Board's report, every contract/arrangement prescribed in Section 188(1) of the Act with related parties along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis to the stock exchanges along with the compliance report on corporate governance pursuant to the SEBI Listing Regulations.

The Company shall submit within the timelines prescribed under Regulation 23(9) of the SEBI Listing Regulations, disclosures of related party transactions on a consolidated basis, in the format specified by SEBI from time to time and publish the same on its website.

As prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website. Further, a web link shall be provided in the Annual Report of the Company.

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