

Paras Healthcare Limited

Policy on materiality of Related Party Transactions¹

¹ Approved by the Board of Directors in their meeting held on July 22, 2024

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

I. OBJECTIVE AND INTRODUCTION

This policy is framed pursuant to the requirements of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”), Section 177 and 188 of the Companies Act, 2013 (hereinafter referred to as “Act”) read with Rules made there under, as amended and re-enacted from time to time.

The objective of this policy is to ensure the proper approvals and reporting of transactions between the Company and related parties as determined under the Listing Regulations and the Act and any other laws and regulations as may be applicable to the Company.

II. DEFINITIONS

“**Act**” means Companies Act, 2013 and rules made thereunder, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.

“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (‘Listing Regulations’) and under Section 177 of the Act, from time to time.

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

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under Section 203 of the Act.

“**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment(s) or modification(s) or circular(s) or notification(s) issued thereunder.

“**Material Related Party Transaction**” means a transaction with a Related Party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Cr. (Rupees One Thousand Crore) or 10% (Ten Per Cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower. For this purpose, any transaction involving

payments made to a Related Party with respect to brand usage or royalty, either individually or taken together with previous transactions during a financial year, exceed 5% (Five Percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity shall also be considered as Material Related Party Transaction.

“Material Modification” shall mean any modification to the Related Party Transaction, as originally approved by the Audit Committee and/or shareholders (in case of a material related party transaction), individually or taken together with previous modifications during a financial year, resulting in variation in the value, by at least 20% of the originally approved transaction, or Rs. 1 Crore whichever is higher.

“Policy” means dealing with Related Party Transaction policy.

“Related Party” has the meaning as assigned to it under the Companies Act 2013 and the Listing Regulations.

“Related Party Transaction or RPT” has the meaning ascribed to it under the Companies Act 2013 and the Listing Regulations.

“Relative” means relative as defined under The Companies (Specification of definitions details) Rules, 2014

III. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

On the basis of criteria prescribed under the Act and/or the Listing Regulations, and the declarations/disclosures received from the Director(s) and Key Managerial Personnel(s) of the Company, the list of related parties shall be compiled and updated from time to time.

IV. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Audit Committee

- All Related Party Transactions including subsequent material modification to the transaction with related party shall require prior approval by the Audit Committee. The Audit Committee shall consider all relevant factors while deliberating the RPTs for its approval. Transactions with the wholly-owned subsidiary or entered into between two wholly-owned subsidiaries of the Company shall be exempt in accordance with the applicable provisions of the Listing Regulations and Act.
- Any member of the Committee who has a potential interest in any RPT will recuse himself and abstain from discussion and voting on the approval of the RPT. Only those members of the audit committee, who are independent directors, shall approve related party transactions.

- RPTs including subsequent Material Modifications to which a 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 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary. Further, prior approval of the Audit Committee shall not be required for a Related Party Transaction to which a listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations are applicable to such listed subsidiary.
- The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations. The Audit Committee shall lay down the criteria for granting omnibus approvals to RPTs proposed to be entered into by the Company in the manner and to the extent prescribed under the applicable provisions of the Listing Regulations and Act. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Audit Committee on a quarterly basis. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.
- RPTs entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification within such time as may be prescribed under the respective statute or regulations.
- Any transaction relating to payment of compensation to a Director or a Key Managerial Personnel in connection with his duties to the Company or its wholly owned subsidiaries including the reimbursement of reasonable business and travel expenses, incurred in the ordinary course of business, shall not require approval of Audit Committee.
- All the related party transactions shall be disclosed as per the Listing Regulations.

B. Board of Directors

- In case any RPTs are referred by the Audit Committee to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business

rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to the terms of the transaction as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

- Transactions with the wholly-owned subsidiary or entered into between two wholly-owned subsidiaries of the Company shall be exempt in accordance with the applicable provisions of the Listing Regulations and Act.

C. Shareholders

- Any RPT which (i) is a material related party transaction including subsequent material modification with a related party, and/or (ii) is not in the ordinary course of business, and/or (iii) not at arm's length price and exceeds certain thresholds prescribed under the Listing Regulations and the Act, shall require prior shareholders' approval. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction.

Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

- Transactions with the wholly-owned subsidiary or entered into between two wholly-owned subsidiaries of the Company shall be exempt in accordance with the applicable provisions of the Listing Regulations and Act.

V. DISCLOSURE OF POLICY AND RELATED PARTY TRANSACTION

- (i) Particulars of Related Party Transactions shall be disclosed to the Stock Exchanges in such manner as may be prescribed under Listing Regulations and/or the Act (including rules made thereunder) from time to time and the same is published on the Company's website.
- (ii) This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

VI. REVIEW, LIMITATION AND AMENDMENT

The Board of Directors shall review this Policy atleast once in every three years in accordance with any regulatory amendments.



In the event of any conflict between the Act and Listing Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy.

Any subsequent amendment/modification in the Regulations, in this regard shall automatically apply to this policy.