



**SOLARA**  
Active Pharma Sciences

**POLICY ON RELATED PARTY TRANSACTIONS AND ON  
DEALING WITH RELATED PARTY TRANSCATIONS**

## **POLICY ON RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSCATIONS**

### **1. INTRODUCTION**

This policy is intended to ensure proper approval and reposting of transactions between Solara Active Pharma Sciences Limited (the 'Company'), its subsidiary companies and its associate companies (together 'the Group') and the Related Parties in terms of the applicable laws and regulations.

### **2. DEFINITIONS**

**'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'** means the Audit Committee constituted by the Board of Directors of the Company in accordance with the applicable laws, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

**'Board'** means the Board of Directors of Solara Active Pharma Sciences Limited.

**'Company'** means Solara Active Pharma Sciences Limited.

**'Key Managerial Personnel (KMP)'** means KMP as defined under the Companies Act, 2013.

**'Material Related Party Transaction'** means a transaction with a Related Party where the transaction/ transactions to be entered into individually or taken together with previous transactions with a Related Party during the financial year, exceeds ten percent if the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**'Ordinary Course of Business'** for the purpose of this policy will cover the business of the Company and its Group, usual transactions, customs and practices of a business including incidental and/ or facilitative activities of the Business of the Company and its Group. The

following factors have been considered for determination of whether the transactions are in ordinary course of business:

- a) The objects of the Company permit the activities undertaken
- b) There is a historical practice to conduct such activities
- c) A pattern of frequency to conduct such activities over a period of time and
- d) The transactions are common in industrial practice.

**'Policy'** means this Policy, as amended from time to time.

**'Related Party'** means related party as defined under the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

**'Related Party Transaction'** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes:

- a) Sale, purchase or supply of any goods or materials;
- b) Selling or otherwise disposing of, or buying property of any kind;
- c) Leasing of property of any kind;
- d) Availing or rendering of any services;
- e) Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- h) Financing (including loans and equity contributions in cash or kind);
- i) Providing or obtaining guarantees and collaterals; and
- j) Deputation of employees.

*(The above is an indicative list and not an exhaustive one)*

**'Relative'** means a relative as defined under the Companies Act, 2013.

### **3. POLICY**

The Audit Committee shall review and approve all Related Party Transactions ( RPT's) based on this Policy.

All proposed RPT's must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval/ omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transaction in accordance with this Policy.

#### **4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

Every Director, KMP and Management of the Company is responsible for providing notice to the Board or the Audit Committee, of any potential RPT involving him/ her or his/ her relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. Board/ Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

All Directors are required to declare and disclose their concerns or interests in any Company or bodies corporate on an annual basis and subsequently whenever there is any change in disclosures. In addition, the Directors shall ensure that any business transactions entered into the Company and themselves comply with the terms of this Policy.

The Company prefers to receive such notice of any potential RPT well in advance so that the Audit Committee/ Board has adequate time to obtain and review information about the proposed transaction.

#### **5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

#### **6. CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

- c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

## **7. OMNIBUS APPROVAL BY THE COMMITTEE**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval.

While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a) Name of the related party
- b) Nature of the transaction
- c) Period of the transaction
- d) Maximum amount of the transactions that can be entered into
- e) Indicative base price / current contracted price and formula for variation in price, if any
- f) Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such

transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

In terms with the Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the Audit Committee and the shareholders shall not be required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

#### **8. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS**

All Material Related Party Transactions shall require approval of the shareholders through a resolution and the Related Parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not

#### **9. TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH**

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolution.

#### **10. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the RPT (including reasons of failure to report such transaction) and evaluate all options available to the Company, including ratification, revision or termination of the RPT.

#### **11. POLICY REVIEW**

The Audit Committee may review this policy from time to time and recommend any changes to the Board for approval.

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