

**RELATED PARTY TRANSACTION  
POLICY**

**OF**

**BIOFIL CHEMICALS AND  
PHARMACEUTICALS LIMITED**

**(EFFECTIVE FROM 1<sup>ST</sup> OCTOBER 2014)**

**Preamble:**

The Board of Directors (the "Board") of Biofil Chemicals and Pharmaceuticals Ltd. (the "Company") has adopted this policy and procedures with regard to Related Party Transactions ('Related Party Transaction (RPT) Policy'), in line with the requirements of Section 188 of the Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as 'The Act') and Revised Clause 49 of the Listing Agreement on Corporate Governance and subsequent amendments thereto (hereinafter referred to as 'Clause 49').

The Audit Committee will review and may amend this policy from time to time.

**PURPOSE**

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable under the law/regulations, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

**DEFINITIONS:**

"Act" shall mean the Companies Act, 2013 and rules framed thereunder, including any modification, clarification, circulars or reenactments thereof.

"Arm Length Transaction" means transaction between two related parties that is conducted as if were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

"Board of Directors" or "Board" in relation to a Company means the collective body of the directors of the Company.

"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; and
- v. such other officer as may be prescribed under the Companies Act, 2013.

**“Material Related Party Transaction”** is a transaction with a RC 49 Related Party which shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Related Party”**, with reference to a company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013; or an entity that is a related party under the applicable accounting standards.

**“Related Party Transaction”** means, any transaction in the nature of transfer of resources, services or obligations between a company and the related party, regardless of whether a price is charged.

Explanation: A "Transaction" with a related party shall be construed to include single transaction or a group of transactions pursuant to a contract.

## **PROCESS**

### **PROCESS AND PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS**

1. All Related Party Transactions shall require prior approval of the Audit Committee
2. The Audit Committee may grant omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature
3. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company
4. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can 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

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

5. The Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
6. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
7. Approval of the Board of Directors shall be required for entering into the Related Party Transactions which are either not in the ordinary course of business or not on arm's length
8. Approval of the shareholders shall be required for entering into the Related Party Transactions which are either not in the ordinary course of business or not on arms' length and exceeding the limits prescribed under the Companies Act, 2013 read with the rules framed thereunder and the circulars/notifications, etc. issued by the Ministry of Corporate Affairs from time to time
9. All Material Related Party Transactions shall require the approval of the shareholders.

## **DISCLOSURE**

Appropriate disclosures as required under the Act and the Listing Agreement will be made in the Annual Return, Board's Report and to the Stock Exchanges.