



POLICY ON RELATED PARTY TRANSACTIONS

Preface:

The Board of Directors (the “Board”) of **BAFNA PHARMACEUTICALS LIMITED** (The “Company”) has adopted this policy and procedures with regard to Related Party Transactions, based on the recommendation of the Audit Committee.

This Policy on the Related Party Transactions (the “Policy”) of the Company set forth the procedures to be followed for approval/ratification of Related Party Transactions based on the applicable laws and regulations applicable on the Company. The Audit Committee will review the policy from time to time and propose the amendment required, if any, to the Board of Directors.

Purpose:

This policy is framed in accordance with the Companies Act, 2013 and the Rules made thereunder and also as per the requirement of Regulation 23 of SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015 and intended to ensure a process for approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

Definitions:

- a) **“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated.
- b) **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.
- c) **“Board”** means the Board of Directors of the Company.
- d) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Companies Act, 2013.
- e) **“Key Managerial Personnel” or “KMP”** means Key Managerial Personnel as defined under the Companies Act, 2013 which presently consist of:
 - (i) Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer.



- f) **“Material Related Party Transaction”** means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds limits specified under of SEBI (LODR) Regulations, 2015 from time to time.”
- g) **“Ordinary Course of Business”** means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and patterns of frequency (not an isolated transaction) has connection with the normal business carried on by the Company.
- h) **“Policy”** means Related Party Transaction Policy.
- i) **“Related Party”** means such person or entity who is a related party under the Companies Act, 2013, SEBI Regulations, the applicable Accounting Standards and other applicable legislations, if any.
- j) **“Related party transaction”** means any transaction, directly or indirectly involving any Related Party, is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and more specifically shall mean the transactions listed under Section 188 of the Companies Act, 2013 and as defined in Regulation 2(zc) of SEBI (LODR) Regulations, 2015, from time to time.
- k) **“Relative”** means relative as defined under the Companies Act, 2013 and rules made thereunder.

Any term not defined under this Policy shall have the same meaning as provided under the Companies Act, 2013 and the Rules made thereunder and SEBI (LODR) Regulations, 2015, applicable accounting standards under the Act and other legislations, as amended and applicable from time to time.

Approval process:

All Related Party Transactions (RPTs) and subsequent material modifications must be reported to the Audit Committee and referred for approval of the Committee in accordance with the policy.

Wherever the approval of Audit Committee is required for Related Party Transactions and subsequent material modifications, it shall be approved only by those members of the Committee, who are independent directors. In case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the omnibus approval may be granted, as detailed in this policy.



All Material Related Party Transactions shall require approval of the shareholders vide a special resolution and all the related parties of the Company shall abstain from voting on such resolutions irrespective of whether they are interested in that particular Material related party transaction.

The following shall not be regarded as a related party transaction:

- a) 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;
- b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.
- c) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.
- d) Any transaction involving the provision of remuneration to a Director or KMP, in connection with his duties to the Company including the reimbursement or business and travel expenses incurred in the ordinary course of business.
- e) Any transaction with any wholly owned subsidiary provided the accounts are consolidated
- f) Payment / Reimbursement of expenses incurred pursuant to the performing of duties and discharging of obligations in connection with the business and operations of the Company.

Identification of Related Party Transactions:

Each Director and KMP and other related party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a Related Party Transaction, by providing notice to the Board or Audit Committee of any potential Related Part Transactions involving him or her or his or relative together with additional information about the Related Party Transactions that the Board or Audit Committee reasonably request.

The Company prefers that notice of any Related Party Transaction is given well in advance so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed Related Party Transactions.



The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a Related Party Transactions requiring compliance with this Policy.

Criteria for Approval of Related Party Transactions By Audit Committee:

All Related Party Transactions covered under the Act, SEBI (LODR) Regulations, 2015 shall require prior approval of the Audit Committee. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the nature and terms of the transaction, the purpose of the transaction, value of the transaction, the benefits to the Company and to the Related Party, and other information that are mandatorily required under the Act, SEBI (LODR) Regulations, 2015, from time to time.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company;
- b) Whether the Related Party Transaction is beneficial and in the best interest of the Company;
- c) Whether the transaction(s) is/ are a Material Related Party Transaction;
- d) Whether there are any business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- e) Whether the Related Party Transaction would affect the independence of an independent director;
- f) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- g) Whether the Related Party Transactions would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, KMP or other Related party, the direct or indirect nature of the director's KMP or other related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant;



Determination of Arm's Length:

In order to determine whether a transaction is at arm's length, the Audit Committee / Board will exercise its own judgement based on its assessment from the information furnished and the relevant factors concerning each such transaction. The Audit Committee may also rely on third party professional certifications including the latest available report on transfer pricing carried out by any independent consultant to ascertain whether the transaction is at arm's length.

Ratification of Related Party Transactions:

If the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the Related Party Transaction shall be reported to the Audit Committee for its approval at the earliest opportunity.

The members of the audit committee, who are independent directors, may ratify related party transactions within 3 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 does not exceed Rupees One Crore;
- (ii) the transaction is not material Related Party Transaction;
- (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 disclosures of related party transactions to be submitted to the Stock Exchanges;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

A Related Party Transaction entered into without approval under this Policy shall not be deemed to violate this Policy, or to be invalid or unenforceable, so long as the transaction is approved or ratified as soon as reasonably practical after the Company becomes aware of such transaction.

The Audit Committee shall consider all the relevant facts and circumstances related to the transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of such transaction, and shall take such course of action as the Audit Committee deems appropriate under the circumstances. In connection with any review of a



Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Omnibus Approval:

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- c) The Audit Committee shall satisfy itself with adequacy or justification for the need of omnibus approval.
- d) 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 and for a maximum period of one year.

- e) Such omnibus approvals shall not require any further approval of the Audit Committee for each specific transaction unless the price, value of material terms of the contract or arrangement have been varied /amended.
- f) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- g) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.



Material Related Party Transactions:

All the Material Related Party Transactions shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolution.

All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and not at Arms' Length Basis shall also require the approval of the shareholders through resolution if it exceeds the limits specified under Section 188 of the Companies Act, 2013, rules and regulation notified thereunder and SEBI (LODR) Regulations, 2015, from time to time.

Review by the Board of Directors:

If the Audit Committee determines that a Related Party Transactions should be brought before the Board, or if the Board in any case elects to review any such matter or its is mandatory under any law for Board to approve the Related Party Transactions, then the criteria set forth for approval shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the board who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

Disclosure:

The Company shall submit to the stock exchanges, disclosures of related party transactions and publish the same in the manner prescribed under SEBI (LODR) Regulations, 2015 from time to time. The Company shall also disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

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[This Policy was approved & adopted by the Board of Directors at the Board Meeting held on May 26, 2025, effective from April 01, 2025.]