

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

Dr. Agarwal's Health Care Limited (hereinafter referred 'the Company') recognises that transactions between the Company and one or more of its Related Parties (more particularly referred to as 'Related Party Transactions' and defined hereinafter) present a risk of actual or potential conflicts of interest.

With a view to ensure that the Related Party Transactions are in the best interest of the Company and its shareholders, the Board of Directors (the 'Board') of the Company has adopted this Policy on Related Party Transactions in line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) (hereinafter referred to as SEBI LODR).

2. OBJECTIVE

This Policy is framed as per requirement under Regulation 23 of the SEBI LODR Regulations and is intended to ensure proper approval, review and disclosure of related party transactions. Such transactions may be considered appropriate only if they are in the best interest of the Company.

3. DEFINITIONS

- a) **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.
- b) **"Board of Directors" or "Board"** shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.
- c) **"Key Managerial Personnel" or "KMPs"** in relation to the Company shall have the definition as ascribed to the term under Section 2(51) of the Act, as amended from time to time.
- d) **Material Modification** means modification(s) in the pricing or overall transaction value of a previously approved related party transaction having a variance of 20% (twenty percent) or more.
- e) **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 Rupees One Thousand Crores or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- f) **Ordinary course of business** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.
- g) **Related Party** means an entity shall be considered related to the Company if:
 - i. such entity is a related party under Section 2(76) of the Act; or

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ii. such entity is a related party under the applicable accounting standards. Provided that:

a) any person or entity forming a part of the promoter or promoter group of the Company; or

b) any person or any entity, holding equity shares:

- of twenty percent or more; or
- of ten per cent or more, w.e.f 01.04.2023 in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

h) Related Party Transaction means:

- for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 of the Act, as amended; and
- for the purpose of Regulation 2(1)(zc) of the SEBI Listing Regulations, a transfer of resources, services or obligations between:

a) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

b) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- 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;
- the following corporate actions by the listed entity 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.
- 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.

i) Relative shall have the meaning prescribed to it under the Companies Act, 2013. A person shall be deemed to be relative of another, if he or she is related to another in the following manner namely;

- they are members of a Hindu undivided family;
- they are husband and wife;

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- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including step-brother)
- Sister (including step-sister)

4. DISCLOSURE BY DIRECTOR/ KEY MANAGERIAL PERSONNEL

- Each Director and Key Managerial Personnel of the Company shall promptly notify the Company/Company Secretary of any potential Related Party Transaction involving him or her or his or her Relatives, including any additional information about the transaction that the Company Secretary of the Company shall reasonably request. The Company Secretary, in consultation with other members of management and an independent counsel, as appropriate, shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- Every Director or Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- Where any Director or Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.
- A contract or arrangement entered into by the Company without disclosure or with participation by a Director or Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- In addition, each Director or Key Managerial Personnel is required to make disclosures of the entities in which they or their Relatives are or are deemed to be interested, in the prescribed format under Applicable Law.
- Any Director or Key Managerial Personnel who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.

5. APPROVAL PROCESS

5.1 AUDIT COMMITTEE APPROVAL

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- All Related Party Transactions and subsequent Material Modifications require the prior approval of the Independent Directors on the Audit Committee. However, this requirement of seeking a prior approval of the Audit Committee would not apply in cases where Company's subsidiary is a party but the Company is not a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10 per cent of the Company's annual consolidated turnover, as per the last audited financial statements.
- Matters relating to the approval of Related Party Transactions shall be considered and approved by only the Independent Directors of the Audit Committee.
- The Audit Committee may review the following information for approval of the proposed Related Party Transaction:
 - a. Type, material terms and particulars of the proposed transaction;
 - b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - c. Tenure of the proposed transaction (particular tenure to be specified);
 - d. Value of the proposed transaction;
 - e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
 - f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
 - g. Justification as to why the Related Party Transaction is in the interest of the listed entity;
 - h. A copy of the valuation or other external party report, if any such report has been relied upon;
 - i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - j. Any other information that may be relevant.
- The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:
 - a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;

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- 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. In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction;
 - d. 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;
 - e. 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.
- The Audit Committee shall also undertake an evaluation of the Related Party Transaction in terms of it being in the ordinary course or arm's length basis line with Section 188 of the Companies Act, 2013. If that evaluation indicates that the Related Party Transaction would require further approval of the Board, or if the Board in any case considers to review any such matter, the Audit Committee shall report the Related Party Transaction, together with a summary of material facts, to the Board for its review/approval as the case may be.
 - The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

5.2 BOARD APPROVAL

Related Party Transactions referred under Section 188(1)(a) to (g) of the Act that which are not in the ordinary course of business or at arm's length basis require the prior approval of the Board.

5.3 SHAREHOLDERS APPROVAL

- All Material Related Party transactions and subsequent material modifications require the prior approval of the shareholders. Pursuant to Regulation 23(1) of SEBI LODR, *a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.*
- Related Party Transactions referred under Section 188 of the Act that are not in the ordinary course of business or at arm's length basis which exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 requires the approval of the shareholders.
- 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.
- The notice that is sent to the shareholders seeking approval for any proposed Related Party Transaction shall contain the following information:
 - (a) name of the related party;
 - (b) name of the director or key managerial personnel who is related, if any;

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- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangements;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.
- (f) A summary of the information provided by the management of the listed entity to the audit committee.
- (g) Justification for why the proposed transaction is in the interest of the listed entity;
- (h) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- (i) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- (j) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;
- (k) Any other information that may be relevant.

6. POLICY REVIEW AND AMENDMENTS

The Board of Directors of the Company shall review the policy at least once every three years and update the policy accordingly. In case of any subsequent changes in the provisions of the Companies Act or any other regulations, including the SEBI LODR Regulations, which makes any of the provisions in the Policy inconsistent with the Companies Act or such other regulations, such provisions of the Companies Act or such other regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

7. DISCLOSURE

- The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.
- The Company shall submit the requisite disclosures to the Stock Exchanges as prescribed under SEBI LODR from time to time.
- The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

In case of any subsequent changes in the provisions of the Companies Act or any other regulations, including the SEBI LODR Regulations, which makes any of the provisions in

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