

Policy on Related Party Transactions and its Materiality

Preamble

The Board of Directors (**the “Board”**) of Alivus Life Sciences Limited (Formerly known as Glenmark Life Sciences Limited) (**the “Company”** or “Alivus”), has adopted the policy and procedures with regard to Related Party Transactions and also its materiality, described herein and forming a part of this policy document.

The Audit Committee will review and recommend to the Board any amendments required to be made to this policy from time to time and the policy would stand amended on Board’s approval.

This policy will be applicable to the Company. This policy is to regulate Related Party Transactions (as defined below and also to determine the materiality of the transactions and subsequent modifications based on the applicable laws and regulations applicable to the Company.

Purpose

This policy has been framed to comply with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”) and in terms of Section 188 and Section 177 of the Companies Act, 2013 (hereinafter referred to as “**the Act**”) read with the relevant rules and intended to ensure the proper approval, disclosure and reporting requirements of Related Party transactions as laid down in the SEBI LODR and the Act. Such Related Party Transactions are considered appropriate only if they are in the best interests of the Company and its shareholders. The Company is required to disclose this policy on its website and the details of the web link at which the policy can be accessed would be provided in the Annual Report.

Definitions

“Accounting Standard” means standards of accounting as defined under Section 2(2) of the Companies Act or under any other applicable laws.

“Audit Committee or Committee” means Committee of Board of the Company constituted under provisions of the SEBI LODR and Section 177 of the Act.

“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.

“Board” means Board of Directors of the Company.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- i. Managing Director, or Executive Director or Chief Executive Officer or Manager;
- ii. Whole-time Director;

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- iii. Company Secretary; and
- iv. Chief Financial Officer

“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 INR 1,000 crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, 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, exceed five percent of the annual consolidated turnover of the Company as per the last consolidated audited financial statements of the Company.

“Ordinary course of business” includes but is not limited to activities that are necessary, normal, and incidental to the business of the Company. The ordinary course of business covers the usual transactions and practices related to the business and following factors are indicative of a transaction being in the ordinary course of business:

- The transaction(s) is normal or otherwise unremarkable for the business; or
- The transaction(s) is permitted by the Memorandum and Articles of Association of the Company, as amended time to time; or
- The transaction(s) that are part of the standard industry practice, even though the Company may not have done it in the past; or
- The transaction follows a historical pattern or occurs with regular frequency.

These are not exhaustive criteria, and the Company will assess each transaction considering its specific nature and circumstances.

“Subsequent Material Modification” means any modifications to the approved transactions where, post approval the transaction value approved by the Audit Committee, Board and/or shareholders of the Company as the case may be exceeds by 25% or any other thresholds, which the Audit Committee may deem fit and proper and determine from time to time.

“Policy” means this Policy on Related Party Transactions.

“Related Party” means a related party as defined in SEBI LODR Regulations and the Act as amended from time to time. **“Related Party Transaction”** shall have the meaning as ascribed to it under the SEBI LODR Regulations or the Act as may be applicable.

“Relative” means relative as defined under the SEBI LODR Regulation or the Act as amended from time to time.

Every Related Party Transactions (including Subsequent Material Modification) proposed to be entered into by the Company must be reported to the Audit Committee for prior approval in accordance with this Policy and applicable laws. If the law requires prior approval of the Board





for any Related Party Transactions, or if the Board elects to review and approve any such Related Party Transactions then such transaction shall be approved by the Board.

1.1. Identification of potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or 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 Related Party Transaction requiring compliance with this Policy and applicable laws.

Each Director and Key Managerial Personnel shall at the time of appointment and thereafter make an annual declaration to the Company within the first week of the financial year regarding his or her interest, shareholdings in other companies/ body corporates and also the list of relatives and their interest in other companies/ firm/ body corporates and this declaration shall be placed before the Board at their first meeting held in the financial year. Any change in the declarations regarding any additions/ deletions shall be intimated by the Directors and Key Managerial Personnel by way of a fresh declaration to the Company within 7 days of such change. All such declarations regarding changes received by the Company shall be placed before the Board at the first subsequent meeting held after the receipt of such declaration.

The validity of the above declaration would be only and up to the date of the first Audit Committee/ Board meeting of the following financial year and a fresh declaration is required to be given in the manner as mentioned above for each financial year.

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

1.2. Pricing methodology for Related Party Transactions

The Related Party Transactions with any Related Party should be entered on Arm's Length basis (unless otherwise determined by the Board and in such cases wherever necessary with the requisite approval of the shareholders) and should be negotiated in the same manner as being done while dealing with an independent third party. While fixing the price, due regard should be given to the surrounding business and commercial situation and such situation need to be documented and should be available for inspection by the Board.

1.3. Review and Approval of Related Party Transactions

Prior approval of the Audit Committee

All proposed Related Party Transactions (whether material or not) and Subsequent Material Modifications shall require prior approval of Audit Committee in accordance with applicable law. Therefore, all the proposed Related Party Transactions and Subsequent Material Modifications shall be referred to the next regularly scheduled meeting of Audit Committee for its review and approval.





However, the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of audit Committee provided that the same is not a “Material Related Party Transaction”.

The Audit Committee shall mandatorily review the following:

- a. Status of long term or recurring Related Party Transactions on an annual basis and
- b. Statement of significant Related Party Transactions as may be determined by the Audit Committee from time to time.

Any member of the Committee or the Directors of the Board who has a potential interest in Related Party Transaction placed before the Committee shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

Approval through circular resolution

In the event of urgency Related Party Transactions may be, approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Such approval must be placed before the Committee for noting purposes.

Omnibus/blanket approval

The Committee may also grant an omnibus/blanket approval as per this Policy in respect of Related Party Transactions proposed to be entered into by the Company or its subsidiary which are repetitive/routine/regular in nature and are entered on long term contract basis. Such approvals would however be subject to the following details being available while granting such approval;

- i. Names/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 formula for variation in the price, if any; and
- iii. Such other conditions/details as the Committee may deem fit in accordance with applicable law.

The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus/blanket approval for Related Party Transactions up to a value of Rs. 1 crore per transaction or such other minimum amount per transaction as may be prescribed under applicable law, where the need for such transactions cannot be foreseen and for which the aforesaid details are not available.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company. The Audit committee may impose any other conditions for the purpose of granting omnibus approval as it may deem fit.

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 approvals given. The omnibus/blanket approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.





Board's Approval

If the Committee is of the view that a Related Party Transaction should be placed before the Board, or if the Board in any case prefers to review any such Related Party Transaction or if it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at its meeting in accordance with the provisions of this Policy. It is hereby clarified, that until otherwise permitted in law, the Board will not be able to approve a Related Party Transaction by way of a circular resolution.

Information to be provided to the Audit Committee/ Board for approval:

To review a Related Party Transaction, the Committee/ Board must be provided with all relevant material information of the Related Party Transaction like:

- i. Type, material terms and particulars of the proposed transaction;
- ii. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure must be specified);
- iv. Value of the proposed transaction;
- v. 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 Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - Details of the source of funds in connection with the proposed transaction;
 - Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - a. Nature of indebtedness;
 - b. Cost of funds; and
 - c. Tenure;
 - Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of the security; and
 - The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- vii. Justification as to why the Related Party Transaction is in the interest of the Company;
- viii. A copy of the valuation or other external party report, if such report has been relied upon;
- ix. 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;
- x. Any other information as may be relevant, in addition to the justification on Arms' length/ in the Ordinary course of business and the benefits to the Company and to the Related Party.





1.4. Type of Related Party Transactions in the Ordinary Course of Business entered into by the Company

- Sale/Purchase of goods and services
- Sale/Purchase of fixed assets relevant to the business
- Lending of money/investment in securities
- Providing corporate guarantees to bankers to enable the group entities to borrow money from banks/FI
- Contribution towards CSR activity
- Export of finished goods
- Royalty
- Trademark fee
- Commission Income received
- Other Income received
- Commission paid
- Re-imbursement of expenses
- Dividend payment/ receipt
- Contract manufacturing services
- Clinical trial support services

1.5. Shareholders' approval:

All Material Related Party Transactions and Subsequent Material Modifications shall require approval of the shareholders in accordance with applicable law. Further, all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

All Related Party Transactions in excess of the limits prescribed under the Act and the Rules made thereunder, which are not in the Ordinary course of business and/or not on Arm's Length basis shall also require prior approval of the shareholders through ordinary resolution and the Related Parties shall abstain from voting on such resolution.

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall include information as required under the Companies Act and the rules framed thereunder and the SEBI Listing Regulations read with the applicable SEBI Circulars, each as amended.

The omnibus shareholders' approval of Material Related Party Transactions approved in an annual general meeting shall be valid up to the date of the next annual general meeting for a period not exceeding fifteen months. Further, in the case of omnibus approval for Material Related Party Transactions, obtained from shareholders in general meetings other than the annual general meeting, the validity of such omnibus approvals shall not exceed one year.

1.6. Exemptions:

- a) Subject to the applicable laws, approval of the audit committee and shareholders would not be required for the Related Party Transactions entered into by the Company with its wholly owned subsidiaries, whose accounts are consolidated with the Company and place before the shareholders at the general meeting for approval.





- b) Subject to the applicable laws, approval of the board would not be required for the Related Party Transactions which are in the Ordinary course of Company's business and entered on Arm's Length basis.
- c) Subject to the applicable laws, approval of the audit committee and shareholders would not be required for the Related Party Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- d) Subject to the applicable laws, approval of the audit committee and shareholders would not be required for transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- e) such other transactions, as exempted under applicable law.

Related Party Transactions not approved under this Policy

In the event, the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy, the matter shall be reviewed by the Committee and the members of the audit committee, who are independent directors, may ratify related party transactions within three 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 shall 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 in terms of the provisions of SEBI LODR Regulation;
- (v) any other condition as specified by the audit committee

In case of failure to seek ratification of the audit committee, the transaction shall be 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 listed entity against any loss incurred by it.

In any case, where the Committee, Board or the shareholders, as the case may be, determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or the Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee, or the Board, as the case may be, has authority to modify or waive any procedural requirements of this Policy.

Disclosure

- (i) The Policy shall be disclosed on the Company's website and a web link thereto shall be





provided in the Annual Report of the Company.

- (ii) The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the Stock Exchanges, as per the manner and timelines set out in the SEBI Listing Regulations and the same shall be published on the Company's website.
- (iii) The details of Related Party Transactions shall be disclosed in the Annual report of the Company, to the Stock Exchanges and other regulatory bodies as per the provisions of Indian Accounting Standards, Companies Act, SEBI Listing Regulations or any other applicable laws and regulations.

Interpretation and Amendment

This Policy shall be subject to the laws to the Company. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may consult the Board or may take help of any of the officers of the Company or an outside expert as it deems fit.

The Policy will be subject to revision/ amendment in accordance with the guidelines as may be issued by the Ministry of Corporate Affairs, SEBI or such other regulatory authority as may be authorized, from time to time, on the subject matter. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, subject to the same being in compliance with the applicable laws. Provided that this Policy shall be reviewed by the Board at least once every three years and updated accordingly.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

This Policy was approved by the Board of Directors at its meeting held on February 23, 2021 and modified on March 25, 2022 and January 23, 2025.

