

NOVELIX PHARMACEUTICALS LIMITED
(Formerly Known as Trimurthi Limited)

**Policy on Materiality of related party transactions and on
dealing with related party transactions**

INTRODUCTION

NOVELIX PHARMACEUTICALS LIMITED (Formerly Known as Trimurthi Limited) (the “Company” or “Novelix”) has formulated this Related Party Transaction policy (this “Policy”) in pursuance of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and other applicable provisions, as amended from time to time.

OBJECTIVES

The Audit Committee of the Company has approved this Policy to set forth the procedures under which transactions between the Company and Related Parties shall be identified and reviewed for approval or ratification in accordance with the procedures set forth below and as prescribed under LODR Regulations and the Companies Act 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof) (the “Act”).

No Related Party transaction may be entered into or no existing Related Party transaction shall be modified or renewed by the Company, except in accordance with the provisions of this Policy.

DEFINITIONS

“**Audit Committee**” or “**Committee**” means the audit committee of the Board of Directors of the Company constituted in accordance with the requirements prescribed under the Act and LODR Regulations.

“**Key Managerial Personnel**” shall have the meaning ascribed to it under the Act.

“**Material Related Party Transaction**” means any transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Omnibus approval

In case of certain frequent/ repetitive/ regular transactions with Related Parties which are in the ordinary course of business of the Company and on Arm’s length basis, the Independent Directors of the Audit Committee may grant an omnibus approval for such Related Party Transactions proposed to be entered into by Company, subject to the following conditions, namely –

- a) the audit committee shall, after obtaining approval of Board, lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the audit committee shall satisfy itself regarding the need and justification for such omnibus approval and that such approval is in the interest of the entity;

the omnibus approval shall specify:

the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,

the indicative base price / current contracted price and the formula for variation in the price if any; and

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 rupees one crore per transaction.

such other conditions as may be specified by the law from time to time.

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.

Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Where the need for proposed 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;

In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;

In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

“Related Party”: - an entity shall be considered related to the Company if:

In relation to the Company, means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

“Provided that:

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

b) Any person or any entity holding equity shares of

(i) 20% or more or

(ii) 10% or more (with effect from April 01, 2023)

in the Company either directly or on beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year Shall be deemed to be a related party.”

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding of the Company shall be deemed to be a related party.

An extract of the relevant definitions under Section 2(76) of the Act and Accounting Standard– 24 (which is the relevant accounting standard in this regard) is set forth in Annexure A.

“Related Party Transaction” means any transaction involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.

As per SEBI (LODR), “related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) Company or any of its subsidiaries on one hand and a related party of the company or any of its subsidiaries on the other hand; or
- (ii) Company 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 company 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:

Exemptions: (“Transactions not to be considered as Related Party Transactions”):

Provided that the following shall not be 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 by the company 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. 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:

As per the Act, related party transaction will include following specific transactions:

- 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 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; and
- g. Underwriting the subscription of any securities or derivatives thereof, of the company.

Relative

In terms of Section 2(77) of the Act read with the rules prescribed therein.

“Transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract.

“Undertaking” shall mean an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year

Procedures

Audit Committee

Each of Novelix directors and KMPs are instructed to inform the Company Secretary or Management of the Company 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. All such transactions will be analysed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

All related party transactions and subsequent material modifications shall require approval of those members of the Audit Committee who are Independent Directors irrespective of the RPT being in ordinary course of business or arm length basis.

Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and regulation 15(2) of the SEBI LODR, 2015 are applicable to such listed subsidiary. For such Related Party Transactions, the prior approval of the audit committee of the listed subsidiary shall suffice.

The Audit Committee shall review the status of long term (more than one year) or recurring Related Party Transactions on an annual basis.

To review a Related Party Transaction, the Audit Committee shall be provided with the following information:

Type, material terms and particulars of the proposed transaction;

Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);

Tenure of the proposed transaction (particular tenure shall be specified);

Value of the proposed transaction;

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);

If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company 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:

nature of indebtedness;
cost of funds; and
tenure;

applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.

Justification as to why the Related Party Transaction is in the interest of the Company;

A copy of the valuation or other external party report on which the management has been relied upon for the transaction(s);

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;

Any other information that may be relevant.

The Related Party Transactions which are not in the ordinary course of business and/or not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors for its approval or recommending to the shareholders' of company for their approval.

If a Related Party Transaction is ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party.

The Committee may also disapprove of a previously entered Related Party Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.

A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Committee may decide to get advice, certification, study report, transfer pricing report, rely upon certification issued as per the requirement of other laws etc. from a professional (includes statutory / internal Auditors) or technical person including price discovery process, to review transactions with Related Party.

Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction. However, the Chairperson of the Committee may allow participation of such member in some or all of the Committee's discussions of the Related Party Transaction.

The Audit Committee may review any previously approved or ratified Related Party Transaction that is continuing and determine based on then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.

A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds:

10% of the annual consolidated turnover, as per the last audited financial statements of the company;

10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (with effect from April 01, 2023)

Provided that the aforesaid approval shall not be required if Regulation 23 and Regulation 15 (2) of SEBI LODR are applicable on the subsidiary of the Company.

Board of Directors

Approval of the Board shall not be required for the RPTs to be entered into in ordinary course of business and at arm's length basis.

All related parties with whom the company intends to enter into transaction as recommended by Audit Committee and which are other than in ordinary course of business or arm length basis, will require prior approval of the Board of Directors.

The Board of Directors shall review and recommend all transactions in terms of section 188(1) requiring shareholders' prior approval.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Following minimum information would be placed before the Board for enabling the Board to consider and approve the Related Party Transaction:

The Name of the Related Party and nature of relationship;

The nature, duration and particulars of the contract or arrangement;

The material terms of the contract or arrangement including the value, if any;

Any advance paid or received for the contract or arrangement, if any;

The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;

Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Approval of Shareholders

The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a resolution.

For the purposes of first proviso to sub-section (1) of Section 188 of Act, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into, -

as contracts or arrangements with respect to clauses (a) to (e) of sub-Section (1) of section 188 of Act, with criteria as mention below-

sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Act.

selling or otherwise disposing of or buying property of any kind, directly or

through appointment of agent, amounting to ten percent or more of turnover of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Act.

leasing of property any kind amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188 of Act;

availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Act.

is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of Section 188 of Act.

is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as as mentioned in clause (g) of sub-section (1) of Section 188 of Act.

All material related party transactions and subsequent material modifications will require prior shareholders' approval and no related party shall vote to approve such resolution in terms of applicable laws as on date of such approval.

Provided that the aforesaid prior approval of shareholders will not be required if the provisions of Regulation 23 and Regulation 15 (2) of the SEBI LODR Regulations are applicable on the listed subsidiary.

The explanatory statement to be annexed to the notice of general meeting in this regard shall contain following particulars, inter-alia:

- i. name of the related party;
- ii. name of the director or key managerial personnel who is related, if any;
- iii. nature of relationship;
- iv. nature, material terms, monetary value and particulars of the contract or arrangement;
- v. any other information relevant or important for the members to take a decision on the proposed resolution.
- vi. A summary of the information provided by the management of the Company to the Audit Committee, as is required under this Policy;

vii. Justification for why the proposed transaction is in the interest of the Company;

viii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:

ix. details of the source of funds in connection with the proposed transaction;

x. 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;

xi. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

xii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction

A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;

xiv. 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;

xv. Any other information that may be relevant

In such a case as mentioned above, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction whether such entity is a Related Party to the particular transaction or not.

This requirement for shareholders' approval shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5. Disclosure

Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Committee or Board of Directors.

6. Reporting

Particulars of RPTs shall be disclosed in such manner as may be prescribed under the applicable laws and/or the Act (including rules made thereunder), from time to time.

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

7. Review of Policy

The Board shall review the policy at least once in three years" and at such interval as may be approved by the Board in line with the applicable law.

8. Administrative Measures

Audit Committee / Board shall institute appropriate administrative measures to provide that all Related Party Transactions are not in violation of, and are reviewed in accordance with, these Policies and Procedures.

The Audit Committee / Board as applicable, shall evaluate such transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with such evaluation and review of the Related Party Transaction, the Audit Committee / Board as applicable, shall have the authority to modify or waive any procedural requirements of this Policy.

9. Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to confirm to the law, rule, regulation or standard.

10. Dissemination of Information

AFL shall upload this Policy on its website i.e. Magnanimous shall also make relevant disclosures in its Annual Report and maintain such registers as required under the provisions of the Companies Act, 2013, Rules made thereunder.

11. Implementation

The policy will be implemented by the management of the Company from the date it is approved by the Board. All Related Party Transaction entered prior to the date of approval of this Policy and Procedures shall be subject to review by the Audit Committee.

12. Exclusion of Policy

This policy shall not be applicable to following related party transactions:

- a. Transactions entered into with Related Parties in ordinary course of business and on arm's length basis;
- b. Transactions entered into between the company and Wholly Owned Subsidiary Company whose accounts are consolidated with such the company and placed before the shareholders at the general meeting for approval.
- c. transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with such company and placed before the shareholders at the general meeting for approval.
- d. 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
- e. The following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - a. payment of dividend;
 - b. subdivision or consolidation of securities;
 - c. issuance of securities by way of a rights issue or a bonus issue; and
 - d. buy-back of securities.