

**THEMIS MEDICARE LIMITED**  
**RELATED-PARTY TRANSACTION POLICY**  
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**PREAMBLE:**

THEMIS MEDICARE LIMITED is a listed company having following Collaborators, Joint Ventures, Associates, Subsidiaries and group companies.

<b>Sr. No.</b>	<b>Name of the Company</b>	<b>Category</b>	<b>Investment by THEMIS in Share Capital</b>	<b>Investment in THEMIS in Share Capital</b>
1.	Gedeon Richter PLC. Hungary	Foreign Collaborators/ Promoters	-	-
2.	Gedeon Richter Investment Management Limited <b>(Owned by Gedeon Richter PLC)</b>		-	10.46%
3.	Szepilona International Limited, UK		-	4.92%
4.	Richter Themis Medicare (India) Pvt. Ltd. <b>(with Gedeon Richter PLC. Holding 51%)</b>	Joint Venture	49%	
5.	Gujarat Themis Biosyn Ltd. (GTBL)	Associates Company	23.19%	-
6.	Pharmaceutical Business Group (I) Ltd. <b>(Holding 24.65% in GTBL)</b> (PBG)		-	-
7.	Themis Distributors Pvt. Ltd.(TDPL)		-	1.87%
8.	Vividh Distributors Pvt. Ltd.(VDPL)		-	7.29%
9.	Vividhmargi Investments Pvt. Ltd.(VMIPL)		-	14.83%
10.	Long Island Nutritionals Pvt. Ltd. <b>(VMIPL Holding 20% &amp; TDPL holding 19%)</b> (LINPL)		26%	-
11.	HIDPUL PLC. (Hungary)	Subsidiary Companies	100%	-
12.	Artemis Biotech Ltd.(ABL)		95%	-
13.	Themis Lifestyle Pvt. Ltd.(TLPL)		99%	-

Note: - i. for Serial Nos. 4, 5, 6 and 10 some common Directors.  
ii. for Serial No. 7, 8, 9 common Directors & shareholding by Patel Family.

## **OBJECTIVES**

The Board of Directors (the "Board") of THEMIS has adopted Related-Party Transactions Policy (this "Policy") to set forth the procedures under which transactions with Related Parties shall be reviewed for approval or ratification in accordance with the procedures set forth below.

This Policy also aims to comply with the provisions of the Companies Act 2013 and rules framed there under and Clause 49 of the Listing Agreement with the Stock Exchanges.

No Related-Party Transaction may be entered into by the Company, or any of its subsidiaries or associates, except in accordance with the provisions of this Policy.

## **DEFINITIONS**

**"Related Party"** is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- (i) a director of the Company (hereinafter referred to as director) or his relative;
  - (ii) a Key Managerial Personnel of the Company (hereinafter referred to as KMP) or his/her relative;
  - (iii) a firm, in which a director, manager or his relative is a partner;
  - (iv) a private company in which a director or manager is a member or director;
  - (v) a public company in which a director or manager is a director and holds, along with his relatives, more than 2% of its paid-up share capital;
  - (vi) any body-corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
  - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;
  - (viii) any company which is—
    - a. a holding, subsidiary or an associate company of such company; or
    - b. a subsidiary or an associate of a holding company to which it is also a subsidiary or an associate
  - (ix) a director or key managerial person of the holding company or his relative;  
and
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(x) a person or a close member of that person's family who has control or joint control or significant influence over the company.

**Relative:** - A person shall be deemed to be the relative of another if he or she is related to another in any one of the following manner:

- (1) Father: Provided that the term "Father" includes step-father.
- (2) Mother: Provided that the term "Mother" includes step-mother.
- (3) Son: Provided that the term "Son" includes step-son.
- (4) Son's wife
- (5) Daughter
- (6) Daughter's husband
- (7) Brother: Provided that the term "Brother" includes step-brother.
- (8) Sister: Provided that the term "Sister" includes step-sister.

**Key Managerial Personnel (KMP)** in relation to a company, means

- (1) the Chief Executive Officer or the Managing Director or the manager;
- (2) the company secretary;
- (3) the whole-time director; and
- (4) the Chief Financial Officer;

**Associate Company** in relation to another company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

*Explanation*—For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

**"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.

**"Material Related-Party Transaction"** means any transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year above the threshold specified in the section under Material Related-Party Transactions.

**"Related Parties for THEMIS":**

The Related Parties of THEMIS would be:-

1. All directors and KMPs and their relatives of THEMIS
  2. Firms in which a director of THEMIS or his/her relatives are partners or members
  3. Private companies in which a director of THEMIS is a director or member
  4. Public companies in which a director of THEMIS is a director and holds (along
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- with his relatives) more than 2% of the voting capital
5. All foreign collaborators, joint ventures, subsidiaries and associate companies of THEMIS, their Directors and KMP's.

## **REVIEW AND APPROVAL OF RELATED-PARTY TRANSACTION**

1. The Audit Committee of the Board will review and, if appropriate, approve Related-Party Transactions. Accordingly, at first meeting of the Audit Committee in every financial year, management shall present to the Committee the following information with respect to all Related- Party Transactions expected to be entered into during that calendar year:
  - a) the name of the related party and nature of relationship;;
  - b) the nature, duration of the contract and particulars of the contract or arrangement;
  - c) the material terms of the contract or arrangement including the value, if any;
  - d) any advance paid or received for the contract or arrangement, if any;
  - e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - f) 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
  - g) any other information relevant or important for the Board to take a decision on the proposed transaction.
  - i) any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

After reviewing such information, the members of the Audit Committee (without the participation the Committee member(s) interested in the transaction, if any) shall approve or disapprove such transactions. Approval of such transactions shall be given only if it is determined by the Committee that such transactions are:

- (a) in (or not inconsistent with) the best interests of the Company and its shareholders;
  - (b) to be entered into by the Company (or its subsidiary or associate entity) on terms that are comparable to those that would be obtained in arm's length transactions with unrelated third parties; and
  - (c) In the ordinary course of the business of the Company. ("Ordinary course of business for this purpose will cover the businesses of THEMIS group and usual transactions, customs and practices of a business and would include activities to be carried out incidental to or to facilitate the business of THEMIS group and is usual or customary to the Company and/ or its line of business).
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2. No member of the Audit Committee shall participate in the review, consideration or approval of any Related-Party Transaction with respect to which such member or any of his or her relatives is a Related Party.
3. If any material information with respect to such transactions shall change subsequent to the Committee's review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.
4. If any additional Related-Party Transactions are proposed to be entered into subsequent to the Committee's first meeting in the financial year, management shall present such transactions to the Committee for approval before entering into such transaction (which can be taken by calling a meeting or by resolution passed through circulation).
5. All the directors are required to declare and disclose his concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change in disclosures. In addition, the directors have to give an undertaking that all business transactions entered into between THEMIS and themselves comply with the terms of this Policy.

#### **APPROVAL OF THE BOARD AND THE SHAREHOLDERS**

The Audit Committee shall report all "Material Related-Party Transactions" to the Board of Directors. The Company will also seek shareholders' approval for "Material Related-Party Transactions" in the subsequent annual general meeting of the year in which the Related-Party Transaction is undertaken or by postal ballot process. The resolution will be a special resolution and the related parties (if any) will abstain from voting on such resolution.

In case of transactions which are not ordinary course of business or not at arm's length, Board approval will be required. In case these are material transactions shareholders' approval will be required.

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**Material Transactions will be determined as per the following rules:**

<b>Category of Transactions</b>	<b>Material Related-Party Transactions – Companies Act 2013*</b>	<b>Material Related-Party Transactions – SEBI*</b>
Sale, purchase or supply of any goods or materials	10% of turnover or Rs. 100 crore, whichever is lower	10% of annual turnover or 20% of net worth, whichever is higher
Selling or otherwise disposing of, or buying, property of any kind;	10% of net worth or Rs. 100 crore, whichever is lower	
Leasing of property of any kind;	10% of net worth or 10% of turnover or Rs. 100 crore, whichever is lower	
Availing or rendering of any services;	10% of turnover or Rs 50 crore, whichever is lower	
Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	
Any other transaction	Not applicable	

**\*As per last Audited financial statement of the Company.**

**LOAN OR GUARANTEE TO BODIES CORPORATE, DIRECTORS OR ANY OTHER PERSON**

i. THEMIS shall not directly or indirectly

- a) give any loan to any person or other body corporate
- b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and
- c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding 60% of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.

Where any loan, guarantee, security or acquisition as specified above exceeds the limits, prior approval by Special Resolution passed at general meeting or by postal ballot will be required.

No loan shall be given under this section at a rate of interest lower than the prevailing yield of one year, three-year, five-year or ten-year Government Security closest to the tenor of the loan.

ii. THEMIS shall not directly or indirectly advance any loan, including any loan represented by a book debt,

- a. to any of its directors or
- b. to any other person in whom the director is interested, or
- c. give any guarantee or provide any security in connection with any loan taken by him or such other person

For the purposes of above, the expression "to any other person in whom director is interested" means:

- a) any director of the lending company, or of a company which is its holding company or any partner or relative of any such director;
- b) any firm in which any such director or relative is a partner;
- c) any private company of which any such director is a director or member;
- d) any body corporate at a general meeting of which not less than twenty five percent of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or
- e) any body corporate, the Board of Directors, managing director or manager whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

However, *point (ii) above* will not cover loan made by holding company to its wholly owned subsidiary company or any guarantee given or security provided by holding company in respect of any loan made to its wholly owned subsidiary company. Such loans should be utilised by the subsidiary company for its principal business activities.

#### **DISCLOSURE**

i) Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of Directors' Report. This Policy will also be uploaded in the website of THEMIS and will be disclosed in the Annual Report of THEMIS in every year.

ii) The Company will also disclose the details of all material Related Party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under clause 49 of the Listing agreement.

iii) Disclosures will be made to Audit Committee on quarterly basis for all R.P.T's.

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## **POLICY REVIEW**

This Policy is framed based on the provisions of the Companies Act, 2013, and rules there under and the requirements of the proposed Clause 49 of the Listing Agreement with the stock exchanges as on August 14, 2014.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

This Policy is dated 4<sup>th</sup> November, 2014.

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