

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY





Anti-Bribery and Anti-Corruption Policy

Introduction

Aarti Drugs Limited (referred to as 'Aarti' or 'ADL' or 'Company') is firmly committed to maintaining zero tolerance towards any form of fraud, bribery, or corruption. This Anti-Bribery and Anti-Corruption Policy (referred to as 'the Policy') defines ADL's stance on preventing bribery and corruption and emphasizes its uncompromising approach in this regard. ADL conducts its business with utmost integrity and adheres strictly to all relevant anti-bribery and anti-corruption laws. The Company will take decisive actions against any individuals falling under this policy who are found to be involved in such misconduct.

Definitions

1. "Anti-Money Laundering Laws," "Anti-Bribery Laws," and "Anti-Corruption Laws" refer to all applicable laws, statutes, regulations, guidelines, and codes issued by relevant governmental authorities in India and the countries where Aarti Drugs Limited (ADL) conducts business (hereinafter referred to as 'AML & ABAC Laws').
2. Corruption is dishonest or illegal behavior by a person or organization in a position of authority for personal gain.
3. Bribery is the offering, promising, giving, accepting, or soliciting of an advantage as an inducement for actions that are illegal or breach trust. A bribe is an inducement or reward offered, promised, or provided to gain any commercial, contractual, regulatory, or personal advantage.
4. Kickbacks include any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind, whether in cash or kind, provided directly or indirectly to anyone to inappropriately or improperly obtain or reward favorable treatment. Kickbacks are typically payments made to commercial organizations in return for a business favor or advantage, such as a payment made to secure the award of a contract.
5. A facilitating payment is a financial payment that may constitute a bribe and is made to expedite an administrative process. It is a payment made to a public or government official to incentivize the official to complete an action or process quickly, benefiting the party making the payment.
6. Immediate family members include any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, aunt, uncle, and cousin (step or in-law).

Bribery and kickbacks may involve the exchange of "anything of value." This term is broad and includes goods, services, or merchandise such as gift cards, event tickets, retail certificates, entertainment, travel perks, use of vacation homes, free airfare or



accommodations, inside information, sexual or other favors, underwriting travel expenses, abuse of function, or other significant favors. Bribery and kickbacks include advantages provided directly as well as indirectly through an intermediary.

However, a small token gift given on the occasion of a local festival or event without any expectation of favor or benefit to oneself or the company is not covered by this policy. In case of any doubt, employees should consult with the local HR and seek clarification.

Ethics officer

ADL shall appoint the Ethics Officer to ensure compliance with this Policy. The HR Head, in the capacity of Ethics Officer, will ensure that the appropriate governance processes are in place for the compliance with this policy.

Scope

This Policy applies to all directors and employees of Aarti Drugs Limited (ADL), as well as business partners engaged with ADL (hereinafter referred to as 'covered members').

This Policy should be read in conjunction with other applicable policies of Aarti Drugs, including:

- ADL's Code of Conduct
- Whistle blower Policy

Our Policy

Aarti Drugs Limited (ADL) is committed to conducting business interactions that are legal, ethical, and professional. This ensures that employees protect themselves from any suspicion of wrongdoing by adhering to the key areas listed below, thereby safeguarding ADL's reputation.

Bribery, Kickbacks and Facilitation payments

ADL ensures that business decisions are not influenced by any form of corruption. Any such arrangements with customers, suppliers, government officials, or other third parties are strictly prohibited. Corruption refers to obtaining or attempting to obtain a personal benefit or business advantage through payments or the exchange of anything of value, including bribery and kickbacks.

Covered members must not offer, promise, grant, authorize, or accept any bribe, kickback, special favors, privileges, donations to designated charities, illegal payments, or anything else of value, directly or indirectly, to or from any person, organization, or governmental representative.

Covered members must also not accept gifts, entertainment, or favors, directly or indirectly, from any company, government, government representative, organization, or individual that



may affect their ability to perform their duties fairly and impartially. A gift or entertainment to an immediate family member of an employee is also treated as a gift to the employee.

Covered members are strictly prohibited from offering or accepting kickbacks, bribes, facilitation payments, or similar considerations of any kind. The Company does not hire third parties to conduct any act of corruption or bribery on its behalf.

Engaging in corrupt activities is a violation of this policy and will result in disciplinary action. It may also constitute a serious violation of AML & ABAC Laws and the Prevention of Corruption Act, 1988.

Employees should refer to Annexure-I for guidelines on expected ethical behavior.

Political & Charitable Contributions

ADL shall not make any political contributions, directly or indirectly, to any political party or candidate running for public office, except in compliance with applicable laws and regulations and with the consent of the Board of Directors or any authorized committee.

The Company's contributions to charitable organizations will be for legitimate causes and must be approved and authorized according to the delegation of authority and Company policy.

Every covered member, while making any political or charitable donations in a personal capacity, must ensure that such contributions do not appear to be made on behalf of the Company. ALL shall disclose all its charitable and political donations in compliance with applicable regulatory requirements.

Gifts and Hospitality

Covered members or their immediate family members are prohibited from providing gifts, favors, or any kind of hospitality to customers, prospects, government officials, or their family members when such expenses are not customary, not incurred while conducting Company business, or do not meet the guidelines outlined in this Policy and other related Company policies.

They must not seek or accept loans (other than from lending institutions) from any person or business organization that has or is seeking business with Aarti Drugs Limited to avoid any conflict of interest.

Third Parties

ADL may be held responsible for bribes paid on its behalf by third parties, which can have significant consequences, even if the Company did not authorize these payments. This Policy also applies to all third parties such as contractors, consultants, sub-contractors, agents, dealers, accounting or law firms, etc., working for the Company. They are prohibited from offering or accepting any type of bribe, kickback, or facilitation payment. These third parties must carry out their services with the highest standards of integrity and in compliance with all relevant laws and regulations. Refer to Annexures I and II.

Third parties shall be engaged only after the following steps are completed:



- Conduct and document due diligence, and obtain approval.
- Incorporate anti-bribery and anti-corruption provisions in the contract with third parties, in consultation with the Company's Legal team. This includes the right to audit and the right to terminate the contract for non-compliance with this Policy.

Conflict of Interest

Covered members must ensure that their personal activities and interests do not conflict with their responsibilities to the Company. They must avoid even the appearance of a conflict of interest. All potential and actual conflicts of interest, or material transactions or relationships that could reasonably be expected to give rise to such a conflict or the appearance of one, must be promptly communicated to the Ethics Officer. If covered members believe that the Ethics Officer is in conflict, they should report the matter to the Ethics Committee.

Record Keeping

ADL shall keep books and records that accurately reflect the Company's transactions, assets and financial position in order to prevent the possibility of bribes.

Training

To ensure that all the covered members are completely familiar to the provisions of this Policy and applicable AML & ABAC Laws, ADL shall provide training and resources, as appropriate.

Communication

The Policy shall be displayed to all employees through the intranet portal of ADL and to third parties through its corporate website. Through various discussions/ communication forums, ADL shall create awareness about this Policy.

Breach of Policy

Any violation of this Policy will be treated as a serious matter, and appropriate disciplinary action will be initiated against covered members, including termination, in accordance with applicable law, ADL's Code of Conduct, policies, procedures, guidelines, and general terms of employment. Lack of awareness of this Policy will not be accepted as an excuse for misconduct.

Every query or concern raised by an employee regarding any suspected violation of this Policy will be investigated by the Ethics Committee, following the procedures outlined in the Whistle blower Policy.



How to Raise Concerns

Every covered member is encouraged to promptly raise concerns about any instance of corrupt practices, suspicion of malpractice, or breach of this Policy. If uncertain whether a particular act constitutes bribery or corruption, or for any other queries, they should approach the respective Compliance Officer of the Company.

All Protected Disclosures or grievances must be directed to the Ethics Officer of the Company. The contact details of the Ethics Officer are as follows:

- Name: Shri Janardan Pradhan
- Address: Aarti Drugs Limited, Plot No. N-198, MIDC Tarapur, Village Pamtembhi, Dist. Palghar 401506.
- Email: pradhan@aartidrugs.com

Protected Disclosures against the Ethics Officer should be addressed to the Chairman of the Company, and disclosures against the Chairman of the Company should be directed to the Chairman of the Audit Committee:

Chairman of the Company: Shri Prakash M. Patil

- Address: Ground Floor, Mahendra Industrial Estate, Plot No. 109D, Road No. 29, Sion (East) Mumbai 400 022.
- Email: mgnt@aartidrugs.com

Chairperson of Audit Committee: Shri Hasmukh B. Dedhia

- Address: Ground Floor, Mahendra Industrial Estate, Plot No. 109D, Road No. 29, Sion (East) Mumbai 400 022.
- Email: hasmukh@aartidrugs.com

No individual who, in good faith, reports a violation of this Policy shall face harassment, retaliation, or adverse employment consequences.

Periodic review and evaluation

The ADL Ethics Committee will regularly monitor the effectiveness and review the implementation of the policy to assess its suitability, adequacy, and effectiveness. The committee will take necessary actions to implement any appropriate changes as required from time to time.

ANNEXURE-I: Expected Ethical behaviour from Employees	
Employees shall not:	
• Deal with any undisclosed or unrecorded Company funds, such as 'off-book' accounts, for any purpose;	
• Make false, misleading, incomplete, inaccurate, or artificial entries in Company's books and records;	
• Use personal funds or third parties, including partners, to circumvent Company's procedures and controls, or to accomplish what is otherwise prohibited by this Policy;	
• Employees should only deal with representatives that they believe are legitimate businesses and that have a reputation for integrity. Signs that a representative is unethical or could be paying a bribe should not be overlooked;	



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| <ul style="list-style-type: none">● Conducting transactions transparently reduces the risk of bribery. Employees should make sure that contracts accurately reflect the economics of the transaction. If payment terms are confusing, clarifications should be sought; |
| <ul style="list-style-type: none">● Simply assume relevant third-party screening has already taken place: failure to check or update screenings periodically may put Group and its Employees at risk. |

Employees shall:

- Report, if they are offered a bribe, are asked to give one, suspect that this may happen in future, or believe that they are a victim of any other form of unlawful activity or are aware of any bribe paid or received by any colleague or third party;
- Accurately record payments or any other type of compensation made to a third party in Company's corporate books, records, and accounts;
- Regularly monitor and/ or review suppliers, customers and other third-party service providers to identify business activity or governance that could indicate money laundering is taking place.

ANNEXURE-II: Red flag Transactions requiring Higher Scrutiny

The Employees should be careful about the following transactions or situations which, when appearing together or individually, should raise a 'red flag':

- A contract requires the use of a third-party consultant where the third party's is owned is a government official or his/her immediate family member;
- The business partner lacks competences or resources i.e., the potential business partner appears incapable of performing the services being agreed. Such service contracts, under which corrupt payments are disguised using a consulting agreement or other arrangement are typical modalities for indulging in bribery or corrupt activities;
- Any potential partner who provides guarantees of success or claims to have the ability to obtain licenses or other government approval without providing a methodology of accomplishing them in a legitimate manner;
- Transactions involving unusual payment patterns or financial arrangements. A request to pay unusual high commissions is a warning sign of possible corruption. A request to deposit commissions in multiple bank accounts, perhaps in offshore banks, also justifies additional scrutiny;
- A potential business partner who refuses to accept an anti-bribery and anti-corruption or anti-money laundering clause in the proposed contract;
- Based on pre-acquisition / business partners due diligence, it becomes apparent that the potential business partner has a reputation for offering bribes or violating other laws or indulging in unusual, structured transactions.
- Inflated pay-outs to potential business partner or its associates or their questionable role in the project;
- A proposed business partner resists or fails to provide details of parentage or has undisclosed principals, associates or subcontractors with whom it splits fees.
- Authorizing or funding any transaction that is undisclosed or unrecorded in our books, records and accounts;



Omitting, falsifying or disguising entries in any of our books and records or inducing or facilitating any third party to do so on their own.

Implementation

The Policy will be implemented by HR Team through Training and awareness.

Responsibility

The ADL Board and members of the Ethics Committee, are in charge of creating, executing, and overseeing the Policy. This responsibility is carried out in accordance with local laws and relevant standards.

Governance

The Policy is governed by the Ethics Committee.

Review

The policy will be regularly reviewed to address any emerging risks, issues, or trends in the sector and the environment where we operate. The standard review period for the policy will be set at five years by default. This ensures that the policy remains relevant and applicable to our evolving needs and circumstances.

Prakash M Patil

Chairman and Managing Director

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