

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

TITLE:

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

OBJECTIVE:

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 & Rules made thereunder; and Regulation 23 & other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") require the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

One such requirement is that the companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

DEFINITIONS:

"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.

"Audit Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable laws, including the SEBI Listing Regulations and the Companies Act, 2013.

"Board" means the Board of Directors of Wockhardt Limited.

"Company" means Wockhardt Limited.

"Material Related Party Transaction" means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten percent



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

“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. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“Policy” means this Policy, as amended from time to time.

“Related Party” in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of SEBI Listing Regulations as amended from time to time.

“Related Party Transaction” in relation to the Company means a transaction with a Related Party under the relevant provisions of the Companies Act, 2013 or the SEBI Listing Regulations or any other related law, regulation, standard etc.

APPROVAL OF RELATED PARTY TRANSACTIONS:

1. Every Related Party Transaction entered into with effect from 1st October, 2014 are subject to the prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution.
2. Consent of the Board and the Shareholders shall not be required in the following Related Party Transactions (RPT):
 - a) RPT entered into by the company in its ordinary course of business and are on an arms’ length basis;
 - b) Non-Material RPT’s - RPT’s to be entered into individually or taken together with previous transactions during a financial year does not exceed ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.
 - c) Any RPT entered into by the Company with its wholly owned subsidiaries whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Except as mentioned in point no. 2 above, all other Material Related Party Transactions will require approval of the Board and Shareholders including a transaction involving payments made to a related party with respect to brand usage or



royalty exceeding 2% of annual consolidated turnover, during a financial year, as per last audited financial statements of the listed entity. The procedure as specified in Companies Act, 2013 and SEBI Listing Regulations shall be followed in obtaining approval of the Board and shareholders. However, RPT exceeding 5% but below 10% of annual consolidated turnover of the Company shall require approval of the Board of Directors of the Company.

3. The Audit Committee may, from time to time, grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - 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) Such omnibus approval shall specify (i) the name/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 the formula for variation in the price, if any, and (iii) 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 Rs.1 crore per transaction.

- d) Audit Committee shall review, atleast on a quarterly basis, the details of RPTs 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 year and shall require fresh approvals after the expiry of one year"

VOTING:

In case of RPT requiring Board's approval, any director who is interested in RPT will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

In case of RPT's requiring shareholders resolution, all the Related party will abstain from voting on such resolution.

COMMENCEMENT:

The Policy came into effect from 1st October, 2014 and amended by the Board of Directors at the meeting held on 28th January, 2019. The amended Policy shall be effective from 1st April, 2019.

AMENDMENTS:

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.

This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Regulation 23 of SEBI Listing Regulations or such other Rules / Regulations, as may be notified by SEBI from time to time.

Any amendment(s) made in the Companies Act, 2013 and SEBI Listing Regulations shall apply mutatis mutandis to the Code.
