

WOCKHARDT LIMITED

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.

In compliance with the requirements of the Corporate Governance norms relating to related party transactions mandated under the Companies Act, 2013 & Rules made thereunder (collectively known as "**Act**"); and Regulation 23 & other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") the company has formulated this 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 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(s) to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds Rupees One Thousand Crore 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 listed entity as per the last audited financial statements of the listed entity.

"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.

"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, Regulation 2(1)(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Indian Accounting Standards, as amended from time to time.

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

“Related Party Transaction” means a transfer of resources, services or obligations between the Company and a related party, 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.:

“Material Modification” in relation to any Related Party Transaction or any Contract for Related Party Transaction already approved by the Audit Committee or Board of Directors or Shareholders of the Company, as the case may be means any change or modification in the transaction or contract which results in change in the overall value of the approved transaction or contract by an amount that exceeds twenty percent of the original transaction amount.

For the purpose of determining Material Modification, any change in contract/ transaction value that has accrued on account of reimbursement of expenses and change in rate of applicable taxes shall be excluded.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION (RPT):

A. Prior approval of the Audit Committee shall be required (*only those members of the Audit Committee, who are independent directors, shall approve related party transactions*) for the following transactions:

1. All RPTs entered into by the Company..
2. Any subsequent material modification in the RPT, which has been earlier approved by the Audit Committee.
3. RPT to which the subsidiary of the Company is a party but the Company is not a party, and value of such RPT whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
4. With effect from 1st April, 2023, RPT to which the subsidiary of the Company is a party but the Company is not a party, and value of such RPT whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

The approval of the Audit Committee can be granted by way of a circular resolution.

B. Prior consent of the Board and the Shareholders shall be required in the following Related Party Transactions (RPT):

1. RPT entered into by the company is not in its ordinary course of business and/ or are not deemed to be on an arms' length basis, if any;
2. All material RPT i.e. RPT to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds Rupees One Thousand Crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
3. Any subsequent material modification to the material RPT, which has been earlier approved by the Shareholders

The procedure as specified in Companies Act, 2013 and SEBI Listing Regulations shall be followed in obtaining approval of the Board and shareholders.

C. 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:

1. 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;
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
3. Such omnibus approval shall, *inter alia*, 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.

4. 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.
5. 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:

1. In case of RPT requiring Board's or Audit Committee's approval, any Director or Member, as the case may be, who is interested in RPT will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.
2. In case of RPT's requiring shareholders resolution, no Related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

GENERAL EXEMPTIONS:

There is no approval required for transactions entered into between

1. the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders of the Company for approval.
2. two wholly-owned subsidiaries of the Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval.

COMMENCEMENT:

The amended Policy shall be effective from 1st April, 2022.

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, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Indian Accounting Standards and such other statutes as may be applicable from time to time.

If, due to subsequent changes in the Act or/and Regulation, a particular Standard or any part thereof becomes inconsistent with the Act or/and Regulation, the provisions of the Act or/and Regulation shall prevail.

VERSION HISTORY

| Sr. No. | Approved by | Approval date | Effective date |
|----------------|---|--------------------------------|-------------------------------|
| 1. | Board of Directors | 12 th August, 2014 | 1 st October, 2014 |
| 2. | Board of Directors | 28 th January, 2019 | 1 st April, 2014 |
| 3. | Board of Directors (on recommendation of Audit Committee) | 27 th January, 2022 | 1 st April, 2022 |
