

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'.

COMMENCEMENT:

The Policy shall come into effect from 1st October 2014.

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 and the revised clause 49 of the listing agreement 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 law, including the listing agreement 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 consolidated annual turnover of the Company as per the last audited financial statements of the Company.

“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 clause 49 of the listing agreement 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 listing agreement 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 shall be subject to the prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution. However approval of Audit Committee will not be required for transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
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 mentioned in (a) and (b) above, all other Material Related Party Transactions will require approval of the Board and Shareholders. The procedure as specified in Companies Act, 2013 and Listing Agreement shall be followed in obtaining approval of the Board and shareholders.

3. The Audit Committee may 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 parties will abstain from voting on such resolution.

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 Clause 49 of the Listing Agreement or such other Rules / Regulations, as may be notified by SEBI from time to time.