

POLICY ON RELATED PARTY TRANSACTION

PURPOSE: -

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This Policy deals with materiality threshold, process of identification, disclosures and the manner of dealing Transactions with Related Party by the Company keeping in view the provisions of the Act read with the rules made thereunder and LODR.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS: -

- Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential RPT involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request.
- The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.
- The Company strongly prefers to receive such notice of any potential transactions with Related Party well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

APPROVAL OF RELATED PARTY TRANSACTIONS: -

The Audit Committee may grant omnibus approval for such Transactions proposed to be entered into by the Company and its subsidiaries subject to the following conditions: -

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPTs of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company; Such omnibus approval shall specify the following:-
 - 1) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered.
 - 2) the indicative base price / current contracted price and the formula for variation in the price if any and
 - 3) such other conditions as the Audit Committee may deem fit; Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One crore per transaction.
- In case where RPT as defined under that Act are not in ordinary course of business or not on arm's length basis or both, such RPT will also require prior approval of Board of Directors of the Company.
- Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company and its subsidiaries, pursuant to each of the omnibus approval given.

- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

PRIOR APPROVAL OF BOARD OF DIRECTORS UNDER THE ACT:-

- RPT's within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors.
- where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement, and shall also not vote on such resolution.

SHAREHOLDERS' APPROVAL: -

Shareholder's approval shall be sought in the following cases as per the requirements of the Act

- RPTs covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'Arm's Length Basis' and exceed the threshold prescribed under the rules made thereunder, shall require prior approval of the shareholders through Ordinary resolution.
- No member of the Company shall vote in the resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

Shareholder's approval shall be sought in the following cases as per the requirements of LODR:

- All Material RPTs covered within the scope of LODR shall require approval of the shareholders through resolution. For this purpose, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

DISCLOSURES:-

- Disclosures with respect to Transactions with Related Party shall be made as per applicable provisions of the Act and LODR.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- This policy shall also be uploaded on the website of the Company at www.kabradrugs.com and a weblink thereto shall be provided in the Annual Report of the Company.