

**➤ Policy on Related Parties and Material Related Parties**

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Abstract	The Policy inter-alia encompasses process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.
Effective Date	

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## SECTION I

### DEFINITIONS

- a. **"Act"** means The Companies Act, 2013, as amended from time to time.
- b. **"Arms' 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.
- c. **"Board Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of applicable law and regulations.
- d. **"Board"** means Board of Directors of the Company.
- e. **"Company" or "The Company"** means Caplin Point Laboratories Limited.
- f. **"Control"** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

- g. **"Associate Company"** shall have the meaning as defined under sub-section 6 of section 2 of the Companies Act 2013.
- h. **"Key Managerial Personnel"** shall have the meaning as defined under subsection 51 of section 2 of the Companies Act 2013.
- i. **"Material Related Party Transaction"** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions 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. 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 Company.
- j. **"Policy"** means Related Party Transaction Policy.
- k. **"Related Party"** shall have the meaning as defined in Regulation 2(1)(zb) of the SEBI LODR.

## SECTION II

### 1. PREAMBLE

Related-party transactions (RPTs) refer to transactions between a company and its related entities such as subsidiaries, associates, joint ventures, directors, key managerial persons and their relatives, or entities owned or controlled by its directors, key managerial persons and their relatives. While the great majority of related-party transactions are perfectly normal, the special relationship inherent between the involved parties creates potential conflicts of interest which can result in actions which benefit the people involved as opposed to the shareholders.

The Board of Directors (the "**Board**") of Caplin Point Laboratories Limited (the "**Company**" or "**Caplin**"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

### 2. SCOPE AND LEGAL PROVISIONS

This policy is framed in line with the requirements of provisions of Section 188 of the Companies Act, 2013, Regulation 23(1) of Listing Obligations and Disclosure Requirements) Regulations, 2015, ("**LODR**") and any Accounting Standards in this regard; and intended to ensure the proper disclosure, reporting and approval of transactions between the Company and its Related Parties.

### 3. IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS

- a. Every Director and Key Managerial Personnel (KMP) shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide requisite information about all persons, firms, entities in which he is interested whether directly or indirectly, to the Company Secretary of the company while providing the Annual Disclosures.
- b. On the basis of the above referred information received and basis the Act and SEBI LODR , a consolidated list of Related Parties shall be prepared.
- c. The potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a comprehensive proposal shall be submitted with details as per clause 5 of this Policy for requisite prior approval.

### 4. APPROVAL OF RELATED PARTY TRANSACTIONS

#### 4.1 APPROVAL OF AUDIT COMMITTEE

- 4.1.1 All Related Party Transactions, subject to clause 4.1.2 of this Policy shall require prior approval of the Audit Committee, whether at a meeting or by resolution passed by circulation. However, sanction for related party transactions, if any which are not in the ordinary course of business or which are not on arm's length basis shall however be approved only at a meeting.

- 4.1.2 These provisions shall not apply to transactions, other than transactions referred to in Section 188 of the Act, entered into with wholly owned subsidiaries.
- 4.1.3 The Audit Committee may also grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company, which are routine and repetitive in nature, if the transactions satisfy the following conditions:
- I. Such Related Party transactions are repetitive in nature.
  - II. Specific need of such omnibus approval i.e. the transactions are in the best interest of the Company.
- 4.1.4 The omnibus approval shall specify
- (a) the name/s of the Related Party,
  - (b) nature of transaction,
  - (c) duration/period of transaction,
  - (d) maximum amount of transaction that can be entered into,
  - (e) the indicative base price / current contracted price and the formula for variation in the price, if any and
  - (f) such other conditions as the Audit Committee may deem fit;
- 4.1.5 Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One crore per transaction.
- 4.1.6 Such omnibus approval shall be based on the following:
- (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%),
  - (iii) transactions which cannot be subject to the omnibus approval by the Audit Committee, if any and
  - (iv) such other conditions as the Audit Committee may deem fit.
- 4.1.7 Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- 4.1.8 In case the Committee does not approve any transaction, other than transactions referred to in Section 188, then it shall make its recommendations to the Board.
- 4.1.9 In case any member of the Committee is interested in any potential Related Party Transaction, such member shall abstain from voting when such transaction is being considered.

## **4.2 APPROVAL OF THE BOARD OF DIRECTORS OF THE COMPANY**

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being

- (i) not in the ordinary course of business, or

- (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction.

On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

#### **4.3 APPROVAL OF THE SHAREHOLDERS OF THE COMPANY**

If a Related Party Transaction is

- (i) a material transaction as per Regulation 23 of the Listing Regulations, or
- (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction, whether or not the person/entity is a related party to the particular transaction..

The provisions of Regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

#### **4.4 POST FACTO APPROVAL**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

### **5. INFORMATION TO BE SUBMITTED FOR APPROVAL OF A RELATED PARTY TRANSACTION**

- 5.1 Name of the Related Party and nature of relationship;
- 5.2 Nature, duration of the contract and particulars of the contract or arrangement;
- 5.3 Material terms of the contract or arrangement including the value, if any;
- 5.4 For transactions requiring omnibus approval:
  - I. Maximum amount of transaction that can be entered into during the financial year.

- II. Indicative base price / current contracted price and the formula for variation in the price, if any.
- 5.5 Any advance paid or received for the contract or arrangement, if any.
- 5.6 in case of transactions not requiring Omnibus Approval, manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- 5.7 Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- 5.8 Any other information relevant or important for the Board/Audit Committee to take a decision on the proposed transaction.

## **6. DISCLOSURES**

The particulars of contracts or arrangement with Related Parties will be disclosed in the Register of Contracts or Arrangements in which directors are interested (refer Rule 16 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and in the Directors' report in Form AOC-2, in the manner prescribed in the Companies Act, 2013 and the Rules thereunder.

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance and the company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

Details of all Material Related Party Transactions shall be disclosed to Stock Exchanges quarterly along with Compliance Report on Corporate Governance, in accordance with the Listing Agreement. The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report. The Board shall disclose Related Party Transactions in its Report to shareholders of the Company.

## **7. INTERPRETATION**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company. Any question or interpretation with regard to any provision of the policy and also in respect of matters not covered herein will be handled by the Board or Audit Committee or any person authorised by the Board of the Company in this behalf.

## **8. 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.