

ALEMBIC LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

(Effective from 1st October, 2014)

Scope of the policy

This policy is prepared in accordance with the requirements of the provisions of Clause 49 (VII)(C) of the Listing Agreement. This policy deals with materiality of related party transaction and also on the dealing with related party transactions.

1. OBJECTIVE

Alembic Limited (“the Company”) understands that related party transactions entered into by the Company can present potential or actual conflict of interest and may raise questions about whether such transactions are consistent with the Company's and its shareholders' best interests. Therefore, this policy on related party transactions (“RPT Policy”), as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges is laid down to express the policy of the Company on dealing with related party transactions.

This Policy may be amended at any time by the Board of Directors of the Company (“the Board”) and is subject to

- a) Further guidance from SEBI or amendments to or re-enactment of Listing Agreement,
- b) Consequential actions taken by the Board of Directors or the Audit Committee of the Company

2. DEFINITIONS

All terms and words used in this policy and not defined hereunder shall have the meaning as ascribed to them under the Companies Act, 2013 and the rules made thereunder (“the Act”) or under Clause 49 of the Listing Agreement, amended from time to time.

CA 2013 Related Party means any person as defined under Section 2(76) of the Companies Act, 2013.

CA 2013 Related Party Transaction means the transactions as listed in Section 188 of the Companies Act, 2013. It is clarified that transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 2013, will not be covered within this definition.

RC 49 Related Party means any person who is a related party in terms of clause 49 (VII) (B) of the listing agreement entered into by the Company with the stock exchanges.

RC 49 Related Party Transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract. Provided however that transactions entered into between the 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 shall be excluded from the scope of this definition.

Material Related Party Transaction is a RC 49 Related Party Transaction which individually or taken together with previous RC 49 Related Party Transactions with such Related Party exceeds 10% (Ten Percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

3. OWNER

The RPT Policy was adopted by the Board on 13th August, 2014. Any changes to the RPT Policy must be approved by the Board of Directors.

Questions about the RPT Policy and its application to any related party should be directed to the compliance officer of the Company.

4. EFFECTIVE DATE / TRANSITION PERIOD

This Policy is effective from 1st October, 2014.

5. PROCEDURES

5.1 IDENTIFICATION OF RELATED PARTIES

Every director or key managerial personnel (KMP) shall, at the time of his appointment, disclose to the company the following (“the disclosures”):

1. Details of his relatives.
2. Details of Firms in which either he or any of his relatives is partner.
3. Details of Private Companies in which he or any of his relative is member or director.
4. Details of Public Companies in which he is director and holds either himself or together with his relatives more than two percent of the paid up capital of such Company.
5. Details of body Corporate whose board of directors or managing director or manager is accustomed to act in accordance with his advice, direction or instruction (other than advice, direction or instruction given in a professional capacity).
6. Details of any person on whose directions, instructions or advice he is accustomed to act (other than advice, direction or instruction given in a professional capacity).
7. Details of entities/body corporates of which he is owner or promoter or KMP or has control over such entity.
8. Details of body corporates in which he holds either himself or together with other directors of such body corporate holds more than two percent of the paid up capital of such Company.

Every director or KMP shall, at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at

the first Board meeting held after such change, make revised disclosures. However, when any change which has an effect of making transaction of the Company which was otherwise a non related party transaction into a RC 49 Related Party Transaction or CA 2013 Related Party Transaction, such change shall be intimated to the Compliance officer immediately or where possible, in advance.

5.2 TRANSACTIONS WITH RELATED PARTIES

All RC 49 Related Party Transactions shall require prior approval of the Audit Committee.

However, the Audit Committee may grant omnibus approval for RC 49 Related Party Transactions proposed to be entered into by the company, subject to following criteria:

- a. The transactions are repetitive in nature.
- b. The Audit Committee is satisfied that such omnibus approval is required 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 RC 49 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. Details of RC 49 Related Party Transactions entered into pursuant to omnibus approval, shall be reviewed by Audit Committee on quarterly basis.
- e. Omnibus approval shall be valid only up to 1 (one) year and shall require fresh approval after expiry of one year.

All Material Related Party Transactions, shall require approval by the members by way of Special Resolution and all entities falling under definition of RC 49 Related Parties shall abstain from voting on such resolutions.

All CA 2013 Related Party Transactions which are not on arms-length basis or are not in the ordinary course of business shall require prior approval of the Board of Directors ("Board") of the Company. Further, at the time when business for approval of any CA 2013 Related Party Transaction is being discussed in the Board Meeting, the Director interested shall not remain present during such discussion. Provided however that when the quantum of such CA 2013 Related Party Transactions is above the threshold prescribed under section 188 of the Companies Act, 2013 for the respective CA 2013 Related Party Transactions, prior approval by way of Special Resolution of the members shall be required and

all members of the company which are CA 2013 Related Parties and which are related in the context of the contract of arrangement shall not vote at such general meeting.

5.3 DEALING WITH RELATED PARTY TRANSACTIONS

In dealing with a RC 49 Related Party Transaction, the Audit Committee/Board, shall endeavor that the proposed transaction/contract/arrangement is neither prejudicial to nor in conflict with the interest of the Company and its shareholders.

The Audit Committee/Board shall (except in the case of permitted omnibus approvals) review the following information when assessing a RC 49 or CA 2013 Related Party Transaction:

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and particulars of the contract or arrangement;
- (c) the material terms of the contract or arrangement including the value, if any;
- (d) any advance paid or received for the contract or arrangement, if any;
- (e) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) Whether all factors relevant to the contract have been considered; and
- (g) any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

5.4 EXCEPTION:

Notwithstanding the foregoing, the following CA 2013 Related Party Transactions (only if they are not Material Related Party Transactions) shall not require approval of Board or the Shareholders:

- Any transaction that involves appointment or reappointment of a Director or a KMP or providing of remuneration to a Director or KMP which he is entitled as Director or KMP, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise as per the policies of the Company.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits as the Related Party.

5.5 PRIOR PERIOD TRANSACTIONS / CONTRACTS / ARRANGEMENTS

All existing Material Related Party contracts or arrangements as on 17th April, 2014, (the date of SEBI circular No. CIR/CFD/POLICY CELL/2/2014) which are likely to continue beyond 31st March, 2015 shall be placed for approval of the shareholders in the first General Meeting subsequent to 1st October, 2014.

Contracts for CA 2013 Related Party Transactions entered into by the Company, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before 1st April, 2014 will not require fresh approval under the said section 188 and under this policy till the expiry of the original term of such contracts. Thus if any modification in such contract is made on or after 1st April, 2014, the requirements under Section 188 and this policy will have to be complied with.

5.6 RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a related party transaction that has not been approved in accordance with this Policy prior to the consummation of such transaction, the matter shall be reviewed by the Audit Committee.

Audit committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction.

Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including but not limited to immediate discontinuation or rescission of the transaction/contract/arrangement. In connection with any review of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

6 DISCLOSURE OF THIS POLICY

The company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report.

7 NON-COMPLIANCE

7.1. Non-compliance may lead to invocation of punitive provisions under the Companies Act, 2013.

7.2. Such a Contract shall be voidable at the discretion of the Board.

7.3. The Company may proceed against the concerned Director/ employee and recover the loss sustained as a result of such transaction.

Details of Amendments to the Policy					
Sr. No.	Date	Clause No.	Brief About Change	Remarks	Version of Policy
1	Approved by the Board on 05-11-2014	Various Clauses	Changes as per Re-revised Clause49 as amended by SEBI circular dated 15-9-2014.	-	RPT-2.0