



DISHMAN CARBOGEN AMCIS LIMITED

[Formerly Carbogen Amcis (India) Limited]

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

PREAMBLE

The Board of Directors (the “Board”) of “**DISHMAN CARBOGEN AMCIS LIMITED**” (the “Company”/“Dishman”) has adopted Policy on materiality of Related Party Transactions (“Policy”) upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance with the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) in India as amended from time to time.

Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee. This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

PURPOSE

- To regulate transactions between the Company and its Related Parties with a view to ensure that such transactions are executed on an arm’s length basis and in a transparent and fair manner.
- To seek necessary approvals of the Audit Committee/Board/Shareholders as may be necessary, after providing necessary information to them in the prescribed manner. To outline the procedures for identification, review, approval, disclosure and reporting of such transactions. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with Related Parties.

OBJECTIVE

DISHMAN CARBOGEN AMCIS LIMITED (“the Company”/“Dishman”) has adopted this Policy for Related Party Transaction (the “Policy”) to set forth the procedure for related party transaction.

The Policy shall be effective from 17th March, 2017.

DEFINITIONS & INTERPRETATIONS

In this Policy, unless the context otherwise requires:

- (a) “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (b) “**Audit Committee**” shall mean the Audit Committee of the Board of Directors of “**DISHMAN CARBOGEN AMCIS LIMITED**” by whatever name called framed under the provisions of Act and Listing Regulations.

- (c) **“Board”** shall mean the Board of Directors of “Dishman Carbogen Amcis Ltd.”
- (d) **“Control”** for this purpose has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (e) **“Independent Director”** shall mean a director of the Company who satisfies the criteria laid down under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations.
- (e) **“Net worth”** shall mean an aggregate of “paid up capital” and “free reserve” of the Company.
- (f) **“Associate Company”** in relation to another company, means a company in which that other company has control of at least twenty percent of Authorized Share Capital, or of business decisions under an agreement, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- (g) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes-
- Managing Director, or Chief Executive Officer or manager and in their absence, a Whole-time director;
 - Company Secretary; and
 - Chief Financial Officer
- (h) **“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, exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.
- (i) **“Office or place of profit”** means any office or place –
- where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

- (j) **“Related party”** means following: an entity shall be considered as related to the Company if:
- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - (ii) such entity is a related party under the applicable accounting standards.
- (k) **“Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013.
- Relative means,
- (A) With reference to any person, anyone who is related to another, if :
1. they are members of a Hindu Undivided Family;
 2. they are husband and wife; or
- (B) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
1. Father including step-father
 2. Mother including step-mother
 3. Son including step-son
 4. Son’s wife
 5. Daughter
 6. Daughter’s husband
 7. Brother including step-brother
 8. Sister including step-sister
- (l) **“Related Party Transaction”** means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and also includes the transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:
- Sale, purchase or supply of any goods or materials;
 - Selling or otherwise disposing of, or buying, property of any kind;
 - Leasing of property of any kind;
 - Transfer of research and development;
 - License agreements;
 - Finance (including loans and equity contributions in cash or kin);
 - Guarantees and collaterals;
 - Management contracts including for deputation of employees.
- (m) **“Transaction on an arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax, 1961.

(n) **“Transactions in the Ordinary Course of Business”** means activities that are necessary, normal, and incidental to the business and which fall under one or more of the following headings :

- Import / export of services
- Import of Fixed assets / spares / computers
- Purchase and Sale of Fixed assets
- Royalty Received / paid
- Commission Income received / paid
- Re-imburement of expenses
- Dividend Received / paid
- Loans and Advances paid and repaid
- Interest received on Loans given
- Interest paid on Loans received
- Any other as the AC may deem fit.

(o) **“Policy”** means this Policy on Related Party Transactions;

(p) **“Company”** means DISHMAN CARBOGEN AMCIS LIMITED.

Any word used in this policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Listing Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company. In case of any dispute or differences between this Policy and provisions of Act / Listing Regulations, the later shall apply.

POLICY ON RELATED PARTY TRANSACTIONS

1. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).
2. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to conditions specified as per Companies Act, 2013 and Listing Regulations.
3. The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.
4. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.
Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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5. In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
6. All material related party transactions, other than those with Exempted Wholly Owned Subsidiaries will be placed for approval of the shareholders of the Company and the Related Parties shall abstain from voting on such resolution.
A transaction with a related party is considered material if the transaction / transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

**CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED
TRANSACTIONS**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee. Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

PRE-APPROVED TRANSACTIONS

Following transactions shall not require approval of the Audit Committee/Board; and shall be considered as pre-approved:

- Compensation (including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business) payable to Executive Directors or Key Management Personnel;
- Transactions in the ordinary course of business, arm's length basis and with wholly owned subsidiaries;
- Contributions by the Company or any of its affiliates to a charitable organization, foundation at which Related Party is a Trustee or director; provided that the total contribution does not exceed limit as prescribed under Section 135 of the Companies Act, 2013;
- 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 pro-rata as the Related Party;

- Allotment of ESOPs/RsUs to Key Managerial Personnel under the schemes already approved by shareholders;
- Transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company;
- Transaction(s) done in ordinary course of business at arm's length;
- Receipt of remuneration by way of sitting fees and commission;
- Reimbursement of expenses for attending board and other meeting.

APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Audit Committee determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

REPORTING OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction.

SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

DISCLOSURES AND AMENDMENT

- (a) The Compliance with the requirements of this policy is to be mentioned in the quarterly compliance report submitted to the stock exchanges.
- (b) The policy shall be disclosed on the website of the Company www.dishmangroup.com and a web link thereto shall be provided in the Annual Report of the Company.
- (c) The Board of Directors or Committee so authorised for the purpose shall have the powers to review or amend any of the provisions of this Policy, substitute any of the provisions with new provisions or replace this Policy entirely with a new Policy.
- (d) The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

Note:

The provisions of the Companies Act, 2013 and rules thereto and the Listing Regulations (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.

ANNEXURE

To,
The Company Secretary / Chief Financial Officer
DISHMAN CARBOGEN AMCIS LIMITED,
Bhadra-Raj Chambers, Swastik Cross Roads,
Navrangpura, Ahmedabad – 380009

Dear Sir,

I, _____, being a Member of the Board of Directors / Key Managerial Personnel of “**DISHMAN CARBOGEN AMCIS LIMITED**” hereby acknowledge, confirm and certify that:

- i) I am aware of the Policy on Related Party Transactions of the Company.
- ii) During the financial year _____, I have entered into the following contracts / arrangements / transactions with the Company and such contracts / arrangements / transactions qualify as “Related Party Transactions” as per the Policy.
- iii) I am not aware of any non-compliance with the said policy.

Signature :
Name :
Designation :

Date :
Place :

ANNEXURE II

Review and Approval of Potential Related Party Transactions – Process Flow

