

POLICY ON
MATERIALITY OF
RELATED PARTY
TRANSACTIONS

(w.e.f. 29th June 2021)



PREFACE

Chandra Bhagat Pharma Limited has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions. An endeavor is consistently made to have only arms' length transactions with Related Parties.

All Related Party Transactions (RPT), as that term is defined in this policy, shall be subject to review in accordance with the procedures set forth below. The Board has determined that the Audit Committee (the "Committee") is best suited to review all Related Party Transactions.

DEFINITIONS

A '**related party**' is a person or entity that is related to the company. Parties / Entities are considered to be related if 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.*

Materiality of Related Party Transactions means a transaction with a related party shall be considered material 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 turnover of the company as per the last audited financial statements of the company or such higher limit as may prescribed u/r 23(1) of the LODR with a related party."

Royalty / brand usage payment to a related party (all transactions taken together in a financial year) shall deemed to be material if the transactions exceed 5% of the annual consolidated turnover of the Company during as per the last audited financial statement of the Company or such higher limit as may prescribed u/r 23(1) of the LODR.

PROCEDURES

1. All Related Party Transactions (RPTs) of the company as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) regulation 2015 will be approved by the audit committee of the Board from time to time.
2. Each Director who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Committee concerning such Related Party Transaction and his or her interest in such transaction.
3. Management shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
 - a. A general description of the transaction(s), including the name of the related party and nature of relationship, duration of the contract and particulars of the contract or arrangement, maximum amount of transaction that can be entered into, the material terms and conditions.
 - b. The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).



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8. In case the market price of any transactions/arrangements are not available or cannot be ascertained and could not be executed with outsiders due to secrecy of the nature of products or formula, such transactions shall be done as far as possible to the nearing market price and after citing justification to the Audit committee for such transaction and necessity.
9. If a Related Party Transaction will be ongoing/ proposed to be entered into by the company, the Committee may grant omnibus approval for ongoing dealings/ proposed related party transactions. 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.

If 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 one crore per transaction. The Audit Committee shall lay down the criteria /guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the company. Such approval shall be applicable in respect of transactions which are repetitive in nature and only for one year.

10. The Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.
11. The Audit Committee periodically shall review this Policy once in every three years and may recommend amendments to this Policy from time to time as it deems appropriate.
12. This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made there under, as may be in force for the time being as well as SEBI (Listing Obligations and Disclosure Requirements) regulation 2015 or such other Rules/Regulations, as may be notified by SEBI from time to time.

FOR CHANDRA BHAGAT PHARMA LIMITED



HEMANT C BHAGAT
DIRECTOR
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