

BOARD CHARTER

NEULAND LABORATORIES LIMITED

1.1 Purpose and Background

This Board Charter ("**Charter**") purports to articulate the principles of functioning of the Board of Directors ("**Board**") of Neuland Laboratories Limited (the "**Company**"). The Companies Act, 2013 ("**the Act**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") entitle the Board to exercise all such powers, and to do all such acts and things, as the Company is authorized to exercise and do, subject to the provisions contained in the Memorandum of Association ("**MoA**") and Articles of Association ("**AoA**") of the Company or any decision/regulation made by the Company in its general meeting. The Board, being the main functionary of the Company, bears primary responsibility for efficient management of the Company so as to ensure creation of value for its stakeholders. Therefore, this Charter, in order to ensure good governance of the Company, specifies the composition of the Board, the roles of the Board as a collective body and of its Committee, the mechanisms for governance of the Board, the roles of individual directors, and the parameters of their evaluation.

- 1.2 This Charter shall be read in conjunction with any other supplementary policies applicable to the Company.

2. Composition of the Board

- 2.1 The composition of the Board shall be subject to the Companies Act, 2013, any rules made therein, the SEBI Listing Regulations, and any amendments thereof ("**Applicable Law**"), as well as its own MoA and AoA, as amended from time. The Board shall comprise qualified members and persons of integrity who bring the skills, competence and expertise that allow them to make effective contributions to the Board and the Company.

- 2.2 The composition of the Board of the Company shall be as follows:

- (a) The Board shall have an optimum combination of executive and non-executive directors with at least one woman independent director. Not less than fifty percent of the Board shall comprise of non-executive directors.
- (b) Where the chairperson of the Board is a non-executive director, at least one-third of the Board shall comprise of independent directors and where the Company does not have a regular non-executive chairperson, at least half of the Board shall comprise of independent directors.

Provided that where the regular non-executive chairperson is a promoter of the Company or is related to any promoter or person occupying management positions at the level of Board

or at one level below the Board in terms of Regulation 17(1)(b) of the Listing Regulations, at least half of the Board of the Company shall consist of independent directors.

- (c) The Board shall comprise of not less than six directors and not more than fifteen directors.

Provided that the Company may appoint more than fifteen directors after passing a special resolution.

2.3 Restrictions on appointment as a director – The following shall be adhered to while appointing or continuing the directorship of any person:

- (a) The Company shall not appoint or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Provided that the Company shall ensure compliance with this at the time of appointment or re-appointment or any time prior to the non-executive director attaining the age of seventy-five years.

- (b) A person shall not be a director in more than seven listed entities, whose equity shares are listed on a stock exchange.

Provided that a person shall not serve as an independent director in more than seven listed entities, whose equity shares are listed on a stock exchange.

- (c) Notwithstanding clause (2.3)(b) of this Charter, any person who is serving as a whole time director or managing director in the Company shall serve as an independent director in not more than three listed entities, whose shares are listed on a stock exchange.

- (d) A person shall not be eligible for appointment as a director of the Company if such person is disqualified from appointment in terms of Section 164 of the Act.

2.4 The profiles of the directors shall be disclosed in the Company's annual report and on the Company's website.

3. Meetings of the Board

3.1 Frequency:

- (a) The Board shall meet at least four times in a financial year, with a gap of no more than one hundred and twenty days between any two meetings.

- (b) The independent directors of the Company shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

3.2 Quorum:

- (a) The quorum for every meeting of the Board shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director.
- (b) The participation of the directors by video conferencing or by other audio-visual means shall also be counted for the purposes of quorum.

3.3 Attendance:

- (a) Board Members shall use their best endeavours to attend Board meetings and prepare thoroughly. Board Members are expected to participate fully, frankly and constructively in Board discussions and to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as Directors.
- (b) Members of Senior Management and professional advisors may be in attendance at Board Meetings, but by invitation only.
- (c) Every director shall attend, at least one Board meeting in a financial year. The office of a Director shall become vacant in case the Director absents himself from all the Meetings of the Board held during a period of twelve months with or without seeking leave of absence of the Board.

3.4 Notice:

- (a) Except where a meeting of the Board is called at shorter notice to transact urgent business, a meeting of the Board shall be called by giving not less than seven days' notice in writing to every Director by hand or by speed post or by registered post or by e-mail or by any other electronic means.
- (b) Notes on items of business which are in the nature of Unpublished Price Sensitive Information may be given at a shorter period of time than stated above, with the consent of majority of the Directors, which shall include at least one Independent Director, if any.

3.5 Material to be placed:

- (c) All material information will be incorporated into the agenda of a particular Board meeting to facilitate meaningful discussion at the meeting, save when the same can only be placed in the Meeting for reasons of confidentiality.

- (d) All information as specified in Part A of Schedule II of the SEBI Listing Regulations shall be mandatorily placed before the Board.
- (e) Further, the Chief Executive Officer and the Chief Financial Officer shall provide the compliance certificate to the Board as specified in Part B of Schedule II of the SEBI Listing Regulations.

3.6 Minutes:

- (a) Within fifteen days from the date of the conclusion of a Meeting of the Board or of a Committee of the Board, the draft Minutes thereof shall be circulated by hand or by speed post or by registered post or by courier or by e-mail or by any other recognized electronic means to all such persons who are members of the Board or such Committee as on the date of the Meeting, for their comments.
- (b) The Directors or members of a Committee of the Board, as the case may be, whether present at the Meeting or not, shall communicate their comments, if any, in writing on the draft Minutes within seven days from the date of circulation thereof, so that the Minutes are finalised and entered in the Minutes Book within the specified time limit of thirty days.

3.7 Meeting on a shorter notice:

- (a) A Meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the Meeting. The fact that the Meeting is being held at a shorter Notice shall be stated in the Notice.

Provided that in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director.

4. Roles and Responsibilities of the Board

- 4.1 In terms of section 179(1) of the Act, subject to the Applicable Law, the MoA and the AoA, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorized to exercise and do.
- 4.2 In terms of the Applicable Law and subject to the MoA and the AoA, the Board shall have the following responsibilities:
 - (a) The Board shall periodically review compliance reports prepared by the Company pertaining to all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances.

- (b) The Board shall satisfy itself that plans are in place for orderly succession for appointment to the Board and Senior Management.
- (c) The Board shall lay down a code of conduct for all members of the Board and the Senior Management of the Company and such code of conduct shall suitably incorporate the duties of independent directors.
- (d) The Board shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting as per Regulation 17(6) of the Listing Regulations.
- (e) The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.
- (f) The Board shall be responsible for framing, implementing, reviewing and updating all internal policies of the Company in the manner laid down in the respective policies.
- (g) By means of resolutions passed at meetings of the Board, the Board shall have the powers to:
 - i. make calls on shareholders in respect of money unpaid on their shares;
 - ii. authorize buy-back of securities under the Act;
 - iii. issue securities, including debentures, whether in or outside India;
 - iv. borrow monies;
 - v. invest the funds of the Company;
 - vi. grant loans or give guarantee or provide security in respect of loans;
 - vii. approve financial statement and the Board's report;
 - viii. diversify the business of the Company;
 - ix. approve amalgamation, merger or reconstruction;
 - x. take over a company or acquire a controlling or substantial stake in another company;
 - xi. make political contributions;

- xii. appoint or remove key managerial personnel
- xiii. appoint internal auditors and secretarial auditor;
- xiv. any other matter which may be prescribed under the Applicable Law, as amended from time to time.

Provided that the Board may, by a resolution passed at a meeting, delegate to any committee, the executive chairman, or any principal officer of the Company or of its Branch Office the powers specified in sub-clauses (iv) to (vi) of this clause on such conditions as it may specify, but shall not delegate any other powers specified herein unless allowed under the Applicable Law.

4.3 The Board shall perform any other function as specified under the MoA and AoA, as amended from time to time.

5. Roles and Responsibilities of Individual Directors, Chairman, Chief Executive Officer, Managing Director and the Executive Committee

5.1 Individual Directors

5.1.1 General obligations – In terms of the Applicable Law, each director of the Company shall have the following duties:

- a) Subject to the provisions of the Act, a director of the Company shall act in accordance with the terms of appointment as specified in their appointment letter, AoA and MoA of the Company.
- b) A director shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment,
- c) A director of the Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- d) A director of the Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
- e) A director of the Company shall not assign his office and any assignment so made shall be void.

- f) A director of the Company, for all purposes related to the Company, shall conduct himself/herself in the manner laid down in the Code of Conduct for the Board and the Senior Management of this Company.
- g) A director of the Company, in his individual capacity, shall perform all such other roles and responsibilities as required under the Applicable Law, the MoA and the AoA of the Company.
- h) Every director of the Company shall submit such declarations and/or disclosures as required under the Applicable Law within the prescribed timelines.

5.2 Chairman

The Chairman of the Board shall:

- a) Create and work with the Board in providing overall direction to the Company and ensuring effective governance of the Organization.
- b) Ensure good corporate governance practices at the Board level;
- c) Provide strategic vision for the business;
- d) Provide leadership to the Board of Directors and the Company;
- e) Ensure that the Board sets and monitors the Company's direction and strategies effectively;
- f) Be accountable to the Board;
- g) Set the right organisational priorities for the CEO and the MD;
- h) Be responsible for continuous and sustained growth of the business with continuous improvement in performance;
- i) Ensure that the CEO and MD maintain and adhere to the pre-set standards of performance for, but not limited to, product quality, technological leadership, market share and financial measures that will meet the expectations of the investors and all other stakeholders; and
- j) Work with the CEO to set the right culture of the organization.

5.3 The Chief Executive Officer and the Managing Director

The Vice Chairman & CEO and the Vice Chairman & MD, shall:

- a) Be responsible for managing the overall business and day-to-day operations of the Company based on the priorities set by the Chairman and the Board of Directors;
- b) Report to the Chairman of the Board;
- c) Ensure that the Company's strategic plans and operating budgets are implemented and aligned with the corporate objectives approved by the Board;
- d) Share responsibility on providing strategic vision and business strategy of the Company along with the Chairman;
- e) Focus on the external activities of the business including but not limited to engaging with bankers, statutory authorities, regulatory bodies, investors, business partners and any other stakeholders, if required;
- f) Be responsible for building and leading the Senior Management Team;
- g) Ensure that right goals and priorities are set and implemented by the Senior Management Team;
- h) Take initiatives to improve the organizational capabilities in line with the Strategic Priorities of the Company;
- i) Identify business opportunities to drive growth of the business in line with the Strategic Priorities;
- j) Recommend on allocation of capital in accordance with according to the Company's priorities;
- k) Set the right culture across the Organization; and
- l) Be responsible for Enterprise Risk Management & Business Continuity, Cyber Security and Sustainability & Environment, Social and Governance goals and monitor implementation thereof.

5.4 Executive Committee

The Executive Committee comprising of the Executive Chairman, the Chief Executive Officer and the Managing Director shall be responsible for the management of the Company, with the roles and responsibilities as envisaged above.

5.5 Independent Directors

5.5.1 In addition to the duties laid hereinabove, the independent directors, in their meeting specified in clause 3.1(b), shall *inter alia*:

- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

5.5.2 The independent directors shall perform all such duties as laid down in the appointment letter, under the Code of Conduct of the Board and Senior Management of the Company and under the Applicable Law.

6. Delegation of Powers

6.1 Pursuant to its statutory obligations, the Board shall constitute the following committees, briefly described as follows:

- (a) Audit Committee – The Board shall constitute an Audit Committee in terms of the Applicable Law, comprising of a minimum of three directors with independent directors forming at least two thirds of the committee. The Audit Committee shall perform all such functions as prescribed under the Applicable Law including oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Nomination and Remuneration Committee (“**NRC**”) – In terms of the Act and the Listing Regulations, the NRC of the Company shall be constituted under the Nomination and Remuneration Policy of the Company for *inter alia* formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. The NRC shall perform all such functions as required under the Applicable Law and the internal policies of the Company.
- (c) Risk Management Committee – A Risk Management Committee shall be constituted for *inter alia* formulation of a detailed risk management policy including a framework for identification of internal and external risks faced by the Company, in particular the financial, operational, sectoral, sustainability (such as ESG related risks), information, cyber security risks or any other risk as may be determined by the committee. The Board shall constitute the Risk Management Committee having a minimum of three members with majority of them

being members of the Board, including at least one independent director, and in the manner laid down under the Listing Regulations. The committee shall perform all such roles and responsibilities as may be defined by the Board and prescribed under the Applicable Law.

(d) Stakeholders Relationship Committee – A Stakeholders Relationship Committee shall be constituted in the manner laid down under the Listing Regulations to look into various aspects of interest of shareholders, debenture holders and other security holders. The Stakeholders Relationship Committee shall perform all such obligations as laid down under the Applicable Law.

(e) Corporate Social Responsibility Committee – In terms of the Act, the Board shall constitute a Corporate Social Responsibility Committee consisting of three or more directors out of which at least one director shall be independent director. The committee shall *inter alia* formulate and recommend to the Board a Corporate Social Responsibility Policy, indicating the activities to be undertaken by the Company in terms of the Act and the Rules thereof. The Corporate Social Responsibility Committee shall carry out all such duties as required under the Applicable Law.

6.2 Apart from with Committees required to be formed statutorily, the Board may, from time to time, constitute such other committees as it deems appropriate, unless prohibited under the Applicable Law, in order to delegate any of its functions and responsibilities. The Board may assign additional duties to the Committees. For instance, the Risk and Sustainability Committee is tasked with the oversight of responsibilities pertaining to both risk management and sustainability initiatives.

6.3 The Board shall lay down the objectives of each committee, terms of reference, roles and responsibilities, composition, quorum, frequency of meetings, etc. In the absence of any guidance from Board, applicable laws shall prevail.

6.4 Each Committee shall approve minutes which shall clearly record the agenda discussed and the decisions taken.

7. Code of Conduct for the Board

7.1 The Board shall put in place a Code of Conduct for the Board and Senior Management of the Company to promote honest and ethical conduct and disclose in a transparent manner the values in accordance to which the business of the Company shall be conducted and encourage the observance of those standards to protect and promote the interests of shareholders and all other stakeholders. The Board shall ensure compliance of the same by its members and the Senior Management of the Company.

7.2 Any instance of conflict of interest, where the interests of a member of the Board conflicts with the interests of the Company, shall be dealt with in the manner laid down under the Code of Conduct.

8. Performance Evaluation: Board, Board Committees and Individual Directors

8.1 The performance evaluation of the Board, its committees and Directors, including Independent Directors, shall be in accordance with the Nomination and Remuneration Policy ("**NRC Policy**") of the Company.

9. Remuneration

9.1 Directors shall be remunerated for their services to the Company as set out in the NRC Policy.

10. Director Protection

10.1 All directors and officers (including Key Managerial Personnel) of the Company shall be covered by the requisite Directors and Officers Liability Insurance Policy.

11. Amendments to the Policy

11.1 The Board of Directors on its own can amend this Charter, as and when deemed fit. This Charter is subject to continuous review and updates, as required from time to time.