

## NEULAND LABORATORIES LIMITED

### RELATED PARTY TRANSACTION POLICY

#### 1. Preamble

**Neuland Laboratories Limited (“The Company”)** is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the related parties with the interest of the Company and may raise questions about whether such transactions are fair and on arm’s length basis.

This Policy is to regulate transactions between the Company and its Related Parties by reviewing and approving Material Related Party Transactions bearing in mind the potential or actual conflicts of interest that may arise consequent upon the transaction entered into by the Company and the whether the said transactions are consistent with the Company’s and its shareholder’s interest. The Company has been complying with various laws and regulations in this regard so far and ensured that such transactions are in the best interest of the company and shareholders.

This Policy supersedes the earlier Policy on Related Party Transaction and shall be effective from February 10, 2025.

#### 2. Purpose

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“as amended from time to time (**“SEBI Listing Regulations”**)” requires the Company to formulate, inter alia, a policy on materiality of related party transactions pertaining to related parties, material listed subsidiaries. This Policy is framed as per the requirements of the SEBI Listing Regulations, the Companies Act, 2013 (**“the Act”**) and the Rules framed thereunder (**“Applicable Law”**). This Policy is intended to ensure the proper review, effective approval mechanism and reporting of transactions between the Company and its Related Parties in terms of this Policy and the Applicable Law. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

#### 3. Definitions

- a. **“Act”** means the Companies Act, 2013 and includes any amendments thereof.
- b. **“Arm’s 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. **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of SEBI Listing Regulations and Companies Act, 2013.
- d. **“Board”** means Board of Directors of the Company
- e. **“Company”** means Neuland Laboratories Limited
- f. **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes
  - (i) Managing Director, or Chief Executive Officer or manager;
  - (ii) whole-time director;
  - (iii) Company Secretary;
  - (iv) Chief Financial Officer
  - (v) Such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (vi) Such other officer as may be prescribed.
- g. **“Material Related Party Transaction”** means a transaction with a related party as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, transactions 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 Company as per the last audited financial statements of the listed entity.
- h. **“Material modification”** means any change in the terms and conditions of a pre-approved Related Party Transaction to the extent of 5% variance in the value of such transaction.
- i. **“Policy”** means Related Party Transaction Policy.
- j. **“Related Party”** means related party as defined in the SEBI Listing Regulations, as amended from time to time. Accordingly, it means:
  - (i) a director or his relative;
  - (ii) a key managerial personnel or his relative;

- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director or holds along with his relatives more than two percent of its paid-up share capital;
- (vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any company which is –
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
  - (C) an investing company or the venturer of the company, which shall mean a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate;
- (ix) A director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company; and
- (x) such other person as may be prescribed.

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the Company; or
- b) any person or any entity, holding equity shares:
  - (i) of twenty percent or more; or
  - (ii) of ten percent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

- k. **“Related Party Transaction or RPT”** means a transaction involving a transfer of resources, services or obligations between:
  - (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
  - (ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- b. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
    - i. payment of dividend;
    - ii. subdivision or consolidation of securities;
    - iii. issuance of securities by way of a rights issue or a bonus issue; and
    - iv. buy-back of securities.
  - c. retail purchases from the Company or its subsidiary by the directors or employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.
- I. **“Relative”** shall mean “relative” as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under, as amended from time to time. It shall mean, with reference to any person, any one who is related to another, if –
- (i) they are members of a Hindu undivided family;
  - (ii) they are husband and wife; or
  - (iii) one person is related to the other 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; and
    - (8) Sister, including step-sister.

Unless the context otherwise requires, all words and expressions used and not defined in this Policy, shall have the same meaning as defined in the Listing Regulations, and if not defined therein, as per the Companies Act, 2013, the Rules made thereunder, or any other Applicable Laws or statutory modifications or re-enactment thereto, as the case may be.

#### **4. General Obligations**

4.1 All Related Party Transactions (“RPT”) and subsequent material modifications shall be referred for prior approval of the Audit Committee, except as stated otherwise, in accordance with the Applicable Law and this Policy.

Provided that only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

4.2 The Audit Committee, while granting an approval of a proposed RPT, shall ensure that such RPT is in the best interest of the Company and adheres to this Policy. All relevant facts and circumstances available, including but not limited to the following, shall be considered:

- a. The benefits to the Company by entering into such RPT;
- b. The extent of the Related Party's interest;
- c. The availability of other sources of comparable products or services;
- d. The extent to which the terms of the RPTs are less favourable than terms generally available in non-related transactions under like circumstances;
- e. The aggregate value of the RPT; and
- f. The impact on a Director's independence if the RPT is entered into with an Independent Director or a relative of such Director.

4.3 It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.

4.4 The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions and assure themselves that the same are in the interest of the Company.

4.5 Where prior approval of the shareholders is required under the SEBI Listing Regulations or Companies Act, 2013, the shareholders shall be provided the details as set out under SEBI Listing Regulations.

4.6 This Policy will operate within the framework of the Applicable Law including the Companies Act 2013, rules thereunder, and the SEBI Listing Regulations, as amended from time to time.

## **5. Identification of Potential Related Party Transactions**

5.1 Each of the Directors and Key Managerial Personnel of the Company and its subsidiaries, if any, is responsible for providing notice to the Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative and all firms, entities, body corporates, in which such promoter, Director or Key Managerial Personnel is interested, whether directly or indirectly, to the Company or the subsidiary, as the case may be, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring prior approval in compliance with this Policy.

5.2 The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

## **6. Prohibitions related to Related Party Transactions**

6.1 All Related Party Transactions shall require prior approval of Audit Committee in terms of this Policy and the Applicable Law. Further, all Material Related Party Transactions and subsequent Material Modifications as defined by the Audit Committee shall require

approval of the shareholders through resolution and no Related Party shall vote to approve such resolution.

## **7. Review and Approval of Related Party Transactions**

7.1 Potential Related Party Transactions and subsequent Material Modifications will be discussed at the next meeting of Audit Committee for review and prior approval. Any member of the Committee who has a potential interest in any Related Party Transaction will reclude himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

7.2 To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of any independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

### **7.3 OMNIBUS APPROVAL BY THE AUDIT COMMITTEE**

7.3.1 The Audit committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to fulfilment of the aforementioned criteria for recurring transactions. The omnibus approval shall specify:

- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
- the indicative base price / current contracted price and the formula for variation in the price if any; and
- such other conditions as the Audit Committee may deem fit:

Provided that 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.

7.3.2 The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company. Such Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

7.3.3 The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered by the Company or its subsidiary pursuant to each of the omnibus approvals given.

#### **7.4 SHAREHOLDER APPROVAL**

7.4.1 All Material Related Party Transactions and subsequent Material Modifications as defined in this Policy shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

#### **7.5 BOARD APPROVAL**

7.5.1 Where Related Party Transactions prescribed under Section 188 of the Companies Act, 2013 are not carried out at arm's length and/or in the ordinary course of business, the consent of the Board of Directors shall be obtained given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed. Any member of the Board who has any interest in any Related Party Transaction will recuse himself/herself and abstain from discussion and voting on the approval of the transaction.

7.5.2 In addition to the above, If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the consideration set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

### **8. Related Party Transactions not approved under this Policy**

8.1 In the event the Directors become aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter

shall be reviewed by the Committee. The 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. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

8.2 The members of the Committee may ratify the related party transactions within three months from the date of the transaction or in the immediate next audit committee meeting, whichever is earlier, subject to the following conditions:

- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. one crore;
- the transaction is not material in terms of policy on the materiality of related party transactions;
- rationale for the inability to seek prior approval for the transaction must be placed before the audit committee at the time of seeking ratification;
- the details of ratification must be disclosed along with the disclosures of related party transactions.

8.3 In any case, where the Committee determines not to ratify a Related Party Transaction that has commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

## **9. Disclosure of Related Party Transactions**

9.1 Related Party Transactions shall be disclosed in Board's Report, as may be stipulated under the Act and / or SEBI Listing Regulations.

9.2 Details of Related party Transactions shall be submitted to the stock exchanges in the prescribed format from time to time and publish the same on the Company's website, as stipulated under SEBI Listing Regulations and / or the Act.

Provided that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

## **10. Disclosure of this Policy**

10.1 The Company shall disclose this Policy on its website under a separate section and provide web link of the same in the section on corporate governance of the Annual Report or as may be stipulated under the extant laws / regulations.



## **11. Review and Amendments**

11.1 The Board of Directors of the Company shall review this Policy at least once every three years and update the same accordingly.

11.2 Any statutory amendment in SEBI Listing Regulations and / or Companies Act, 2013 and any other applicable laws / regulations, if any, shall be deemed to be included in the Policy and the Company shall be governed by it. Pursuant to any such amendment, the Company Secretary, in consultation with the Audit Committee Chairman, may carry out the necessary changes to this Policy, as may be required. In the event of any inconsistency between the Applicable Law and this Policy, the Applicable Law shall prevail.