



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

Approved by:	Board of Directors
Effective date:	18th October 2014
1st revision on:	5th February 2018
2nd revision on:	27th May 2022
3rd revision on:	13th November 2024
4th revision on:	6th February 2025



I. PREAMBLE

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 and the Rules made thereunder ("Act") and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, the Company has formulated this 'Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions ("RPTs")'.

II. OBJECTIVE

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act read with Regulation 23 of the Listing Regulations and any other laws and regulations as may be applicable to the Company.

III. DEFINITIONS

- (a) "Act" means the Companies Act, 2013 and the Rules framed thereunder including any amendments from time to time.
- (b) "Audit Committee" shall have the same meaning as defined under the Act and Listing Regulations.
- (c) "Arm's Length Transaction" means the transactions carried out between two Related Parties as if they are not related to each other so that there is no conflict of interest.
- (d) "Board" means the Board of Directors of the Company as constituted from time to time in line with the provisions of the Act and Listing Regulations.
- (e) "Company" means Unichem Laboratories Limited.
- (f) "Key Managerial Personnel" means Key Managerial Personnel as defined under Section 2 (51) of the Act and the Rules made thereunder.
- (g) "Material Related Party Transaction" means any transaction 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 as per the last audited financial statements of the Company, whichever is lower and transactions involving payments to a related party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.



The above materiality thresholds limit is as prescribed under Regulation 23 of the Listing Regulations, which will vary based on the applicable limit under the Act or Listing Regulations from time to time.

- (h) "Material Modification" shall mean an amendment to the existing RPTs, the effect of which will be an increase over the already approved limit for that transaction, by 20% (twenty percent).
- (i) "Ordinary Course of Business" shall mean and include:
- the usual transactions, customs, and practices carried on generally in the sector in which Company operates and all such activities the Company can undertake as per its Memorandum & Articles of Association.
 - Transactions which are incidental, ancillary or routinely effectuated in relation to business of sector, or part of standard industry practice, but for which, the business of the Company would be adversely affected.
 - The Audit Committee may lay down principles from time to time for determining the ordinary course of business in accordance with statutory requirements and other industry practices and guidelines and transactions which may be considered by the Audit Committee/Board not to be in the ordinary course of business.
- (j) "Policy" means this Policy on Materiality of Related Party Transactions and Dealing with Related Party Transaction.
- (k) "Transaction" with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

The term Related Party, Related Party Transactions and Relative will carry the meanings as defined under the Companies Act, 2013 read with Rules made thereunder, Listing Regulations and the Accounting Standards.

Any other terms and expressions used but not defined herein have the same meaning as defined in the Act and the Rules made thereunder and the Listing Regulations as amended from time to time.

IV. IDENTIFICATION OF RELATED PARTIES

Every Director shall, at the beginning of the Financial Year or whenever any change occurs, provide information by way of written notice to the Company, regarding their concern or interest in the entity with specific concern to parties which may be considered as a Related Party with respect to the Company and shall also provide the list of relatives which are regarded as a Related Party as per this Policy. Directors are also required to provide information regarding their engagement with other entities during the financial year which may be regarded as a Related Party according to this Policy. Accordingly, the



Company will determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy.

V. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION BY AUDIT COMMITTEE

All RPTs between the Company and its Related Parties, and any modifications therein, shall require prior approval of the Audit Committee.

The Audit Committee may grant omnibus approval for the RPTs of Company/its subsidiaries, which are routine and repetitive in nature and which satisfy the criteria for omnibus approvals, as prescribed under the Act or the Listing Regulations.

Where the need for the RPT cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value as prescribed in the Act/Listing Regulations.

Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval thereafter.

Only Independent Directors, who are members of the Audit Committee shall approve the RPTs. In case such Independent Director is interested in any potential RPT, then he/she shall abstain from voting when such transaction is being considered.

In case the Audit Committee does not approve any transaction, it shall make its recommendations on such RPTs to the Board.

The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs, on an annual basis.

All Related Party Transactions shall follow the applicable provisions under the Companies Act, 2013 and SEBI LODR as may be amended from time to time.

VI. APPROVAL OF THE BOARD OF DIRECTORS

All Material RPTs, transactions which are not in the ordinary course of business or not at the arm's length price, shall be placed before the Board to obtain its approval. Any member of the Board who has any interest in any RPT will recuse himself and abstain from discussion and voting on the approval of the RPT.

VII. APPROVAL OF THE SHAREHOLDERS

Unless exempted, all material RPTs and subsequent material modifications as also all RPTs covered within the scope of Section 188 of the Act which are either not in the



ordinary course of business or not on arm's length basis and exceeds the threshold under Section 188 of the Act, shall require prior approval of the shareholders through resolution.

If any member of the Company is a related party as per this policy, such member of the Company shall not vote on resolution passed for approving such RPTs irrespective of whether the entity is a party to the particular transaction or not.

VIII. EXEMPTIONS

The following transactions or arrangements, which are specifically dealt with under separate provisions of the Act or the Listing Regulations and executed under separate approvals/procedures of the competent authority of the Company (i.e. shareholders, Board, or a Board Committee), shall be deemed to have been approved under this Policy, in compliance with provisions of Applicable Laws:

- (a) Any transaction involving compensation payable to a Director, except who is part of promoter or promoter group (including salary/sitting fees/commission) or Key Managerial Personnel or senior management in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (b) Share-based incentive plans including Stock Options and ESARs to the directors, KMPs, and other employees.
- (c) 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 including dividends, subdivision, consolidation, issuance of securities by way of rights or bonus issue, and buyback of securities.
- (d) Issue of specified securities on a preferential basis, subject to the compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (e) Transactions entered into between the Company and its wholly-owned subsidiary, if any, whose accounts are consolidated with the Company.
- (f) Acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

- (g) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.
- (h) Any other transactions as provided under the Act or Listing Regulations.



IX. RATIFICATION OF RPTs

In the event the Company becomes aware of a RPT that has not been approved under this Policy, the transaction shall be placed as promptly as practicable before the Committee, or the Board, or the Shareholders as may be required for its review and ratification.

In case any transaction involving any amount not exceeding Rs. 1 cr. is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months or in the immediate next meeting of the Audit Committee, whichever is earlier, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

X. DISCLOSURES

Details of any RPTs shall be disclosed to the Stock Exchanges as per Listing Regulation

Particulars of contracts or arrangements with Related Parties referred to in sub-Section (1) of Section 188 shall be disclosed in the Directors Report and Register of Contracts as required under Section 189 of the Act shall be maintained.

The Company shall disclose the Policy on its website and a web link shall be provided in the Annual Report.

XI. SCOPE

In case of any subsequent amendment / modification in the Listing Regulations, Act and/or other applicable laws which may be inconsistent with any of the provision of this policy than such provision(s) of the policy to that extent of amendment / modification of the Listing Regulation / Act will automatically stand modified/ amended.

XII. REVIEW OF POLICY

This policy shall be reviewed by the Board of Directors at least once every three (3) years or at such intervals as specified under any Act, Rules or SEBI Regulations or as decided by the Board and updated accordingly.

This policy has been reviewed, approved and adopted by the Board of Directors at their meeting held on 6th February 2025.
