



MOREPEN LABORATORIES LIMITED

CIN: L24231HP1984PLC006028

Registered Office: Village Morepen, Nalagarh Road, Near Baddi Distt. Solan, Himachal Pradesh – 173 205

Email: plants@morepen.com, Website: www.morepen.com,

Tel.: +91-1795-266401-03, 244590, Fax: +91-1795-244591

Corporate Office: 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar III, Sec. 20, Gurugram, Haryana 122016,

Email: investors@morepen.com; Tel.: +91-124-4892000

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

[Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, as amended, and the Companies Act, 2013 and its rules made thereunder]

PREAMBLE

The Board of Directors (the “Board”) of **Morepen Laboratories Limited** (“the Company” or “MLL”), has adopted this policy and procedures with regard to ‘**Dealing with Related party transactions**’ as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will regulate the transactions between the Company and its Related Parties based on laws and regulations applicable to the Company.

PURPOSE

This policy is framed as per requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (‘Listing Regulations’) and in compliance of the Companies Act, 2013 and its rules made thereunder (‘the Act’), intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. 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.

DEFINITIONS

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of the Act and Regulation 18 of the Listing Regulations.

“**Board**” means Board of Directors of the Company.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- i. CEO/Managing Director/Manager;
- ii. Whole-time Director;
- iii. Chief Financial Officer;
- iv. Company Secretary;
- v. Such other officer as may be prescribed under the applicable statutory provisions/regulations.

“**Material Related party transaction**” all material related party transactions shall be placed for prior approval of shareholders through resolution. The Company has fixed the following materiality threshold for the purposes of the Act and Listing Regulations:

- (i) Transactions with a related party shall be governed as the Act and rules made thereunder.
- (ii) A 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 the thresholds specified in **Annexure-A**.
- (iii) A transaction 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 Company.

“Material modification” means i) For material related party transaction(s) - 10% change from the previously approved related party transaction approved by the shareholders; ii) For non-material related party transaction(s)- variance of 10% of the existing limit as may be approved by the Audit Committee / Board, as the case may be.

“Policy” means policy on dealing with related party transactions as approved by the Board of Directors (‘Board’), to be reviewed by the Board of Directors of the company once in every three years and update accordingly.

“Promoter” and “Promoter Group” shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards:

Provided that:

- (a) any person or company forming a part of the promoter or promoter group of the company; or
- (b) any person or any company, holding equity shares of ten per cent or more 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:”

“Related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) a 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) a company or any of its subsidiaries on one hand, and any other person or company on the other hand, the purpose and effect of which is to benefit a related party of the company or any of its subsidiaries

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 key managerial personnel of the company or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

“**Relative**” means relative as defined under Section 2 (77) of the Act and includes anyone 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 such manner as may be prescribed.

POLICY

All related party transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy and dealt as per the provisions of the Listing Regulations and the Act.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each director and key managerial personnel is responsible for providing notice to the Board or Audit Committee of any potential related party transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a related party transaction requiring compliance with this policy.

The company strongly prefers to receive such notice of any potential related party transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

APPROVALS AND ACTION STEPS FOR RELATED PARTY TRANSACTIONS

All related party transactions shall require prior approval of Audit Committee. Further, all material related party transactions shall require approval of the shareholders through Special/Ordinary Resolution, as the case may be, and the related parties shall abstain from voting on such resolutions as governed by the provisions of Section 188 of the Act and Regulation 23 of Listing Regulations.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- ✓ Related party transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval.
- ✓ Any member of the committee who has a potential interest in any related party transaction will recuse himself or herself and abstain from discussion and voting on the approval of the related party transactions.

- ✓ Only those members of Audit Committee, who are independent directors, shall approve the related party transactions.
- ✓ A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which subsidiary of a company is a party but the company is not a party, shall require prior approval of the audit committee of the company if the value of such transaction, exceeds the lower of the following:
 1. Ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
 2. The threshold for material related party transactions of company as specified in **Annexure-A**.
- ✓ In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a company is a party but the company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:
 1. Ten percent of the aggregate value of paid up share capital and securities premium account of the subsidiary; or
 2. The threshold for material related party transactions of company as specified in **Annexure-A**.

Provided that the aggregate value of paid up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

- ✓ To review a related party transaction, the committee will be provided with all relevant material information of the related party transaction, as specified in the [Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”](#)

*Provided that if a transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the company as per the last audited financial statements of the company or ₹10 Crore, whichever is lower, the listed entity shall provide ‘Minimum information to the Audit Committee/Shareholder for approval of Related Party Transactions’ specified in **Annexure-B**.*

Provided further that the above requirements, shall not be applicable to transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed ₹1 Crore.”

- ✓ While placing any proposal for review and approval of a related party transaction a certificate from the Chief Executive Officer (CEO)/Managing Director/Whole Time Director/Manager and Chief Financial Officer (CFO) of the company confirming that the terms of proposed related party transactions to be entered into are in the interest of the company.
- ✓ 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 an 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.
- ✓ 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 considerations 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.
- ✓ The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the company or its subsidiary subject to the following conditions:
 - The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- 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;

Provided that where 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 Rs.1 crore per transaction.

- Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company or its subsidiary pursuant to each of the omnibus approval given.
 - Omnibus approvals granted by Audit Committee shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
 - Omnibus approval granted by members for material related party transactions in the Annual General Meeting (AGM) shall remain valid till date of next AGM. While, omnibus approval granted by members for material related party transactions in Extra-Ordinary General Meeting or Postal ballot shall remain valid for one year from date of such approval.
- ✓ 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 listed is a related party to the particular transaction or not.

Notwithstanding the foregoing, the following related party transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Transaction involving payment of remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Listing Regulations.
- iii. 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.

- iv. Arm's length transactions entered into between a holding company and its wholly owned subsidiary, in the ordinary course of business, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

It is clarified that the term 'holding company' used above refers to and shall be deemed to have always referred to a listed holding company.

- v. Transaction entered into between the two wholly owned subsidiaries of the company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- vi. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- vii. A related party transaction to which the listed subsidiary, if any, is a party but the company is not a party, if regulation 23 and 15(2) of the Listing Regulations are application to such listed subsidiary.

RATIFICATION OF RELATED PARTY TRANSACTIONS

In the event the company becomes 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.

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

- i. 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 rupees one crore;
- ii. the transaction is not material in terms of the provisions of Listing Regulations;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Listing Regulations;
- v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

In any case, where the Committee determines not to ratify a related party transaction that has been 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.

DISCLOSURES

Details of transactions with related parties shall be disclosed as per Listing Regulations. The company shall disclose the Policy on Dealing with Related Party Transactions on its website (www.morepen.com) and a web link thereto shall be provided in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

4th revised policy [approved by Board of Directors on February 10, 2026]

3rd revised policy [approved by Board of Directors on February 6, 2025]

2nd revised policy w.e.f., April 1, 2022 [approved by Board of Directors on February 8, 2022]

Principal policy, 1st revised w.e.f., April 1, 2019

Annexure-A

THRESHOLD FOR MATERIAL RELATED PARTY TRANSACTIONS OF COMPANY

A 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 the following:

Sr. No.	Consolidated turnover of company	Threshold
(I)	Up to ₹20,000 Crore	10% of the annual consolidated turnover of the company
(II)	More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the company above ₹20,000 Crore
(III)	More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the company above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

Annexure-B

(A) Minimum information to the Audit Committee for approval of Related Party Transactions:

The company shall provide the following information, for review by the audit committee for approval of a proposed related party transactions, the value of which do not exceed 1% of annual consolidated turnover of the company as per the last audited financial statements of the company or ₹10 Crore, whichever is lower:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant.

(B) Minimum information to the Shareholders for approval of Related Party Transactions:

The notice being sent to the shareholders seeking approval for any proposed RPT, the value of which do not exceed 1% of annual consolidated turnover of the company as per the last audited financial statements of the company or ₹10 Crore, whichever is lower, shall in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee as specified in paragraph 4 of this Section;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under para 4(f) above;
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.