

**SOLARA ACTIVE PHARMA  
SCIENCES LIMITED**

**POLICY FOR GOVERNANCE OF RELATED  
PARTY TRANSACTIONS**

## 1. PREAMBLE

This Policy is framed in line with the requirements of Section 188 and Section 177 of the Companies Act, 2013 read with the relevant Rules made thereunder, Regulation 23 of the SEBI Listing Obligations and Disclosure Requirements Regulations (“Listing Regulations”) and relevant Indian Accounting Standards with reference to Related Party Transactions (“RPT”).

The objective of this Policy is to:

- a) define the manner of dealing with transactions between the Company and its related parties in compliance with the applicable laws and regulations as may be amended from time to time;
- b) define the materiality thresholds for RPTs and subsequent modification thereof;
- c) define approval matrix for related party transactions and
- d) ensure proper approval, disclosure, and reporting requirements of transactions between the Company / its subsidiaries and its related parties.

## 2. DEFINITIONS

- a) “**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b) “**Arm’s Length Transaction**” shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) “**Associate Company**” shall have the same meaning as defined in Section 2(6) of the Companies Act, 2013.
- d) “**Audit Committee or the Committee**” shall mean the Committee of the Board constituted from time to time in accordance with the provisions of Section 177 of the Act read with Regulation 18 of the Listing Regulations.
- e) “**Board**” shall mean the Board of Directors of the Company.
- f) “**Company or Listed Entity**” shall mean Solara Active Pharma Sciences Limited.
- g) “**Key Managerial Personnel (KMP)**” shall mean KMP as defined under Section 2(51) of the Act read with Regulation 2(1)(o) of the Listing Regulations.
- h) “**Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.
- i) “**Material Modification of RPT**” shall mean variation in value of a transaction with a related party, which has already been approved by the Audit Committee/Board/ Shareholders, as the case may be, which results in an increase by an amount exceeding Rs. 10 Crores in a Financial Year or 20% of the approved limit, whichever is higher.

j) “Material Related Party Transaction/ Material RPT” shall mean

ja) **Material RPT as per Regulation 23 and Schedule XII of the Listing Regulations** shall mean:

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 10% of the Annual Consolidated Turnover of the Company as per the last audited Financial Statements of the Company.**

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, exceeds 5% of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Listed Entity.

jb) **Material RPT as per Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.**

<b>Nature of Transaction</b>	<b>Shareholder’s approval is required for the following threshold limit</b>
Sale, purchase or supply of any goods or material, directly or through appointment of agent	Ten (10) percent or more of the turnover of the Company
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Ten (10) percent or more of the net worth of the Company
Leasing of property of any kind	Ten (10) percent or more of the turnover of the Company
Availing or rendering of any services, directly or through appointment of agent	Ten (10) percent or more of the turnover of the Company
<i>The threshold limits specified above shall apply for transaction/ transactions individually or taken together with previous transactions during a financial year.</i>	
For appointment to any office or place of profit in the Company, its subsidiary company or Associate Company	Monthly remuneration two and a half lakh rupees
For remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	One (1) percent of the net worth

The Turnover or Networth referred above shall be computed based on the audited financial statements of the preceding financial year.

The thresholds mentioned above shall always be in line with the thresholds prescribed under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as may be amended from time to time. In case of any difference between the thresholds under this policy and the SEBI LODR, the thresholds under SEBI LODR shall prevail.

k) “Office or Place of Profit” shall have the same meaning as provided in Section 188 of the Act.

**l) “Ordinary Course of Business”** for the purpose of this Policy shall cover the business of the Company and its Group including usual transactions, customs, practices and incidental and/ or facilitative activities undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association

The following factors have been considered for determination of whether the transactions are in the Ordinary Course of Business:

- a) Objects of the Company permit the activities undertaken;
- b) There is a historical practice to conduct such activities;
- c) A pattern of frequency to conduct such activities over a period of time; and
- d) The transactions are common in industrial practice.

**m) “Policy”** shall mean Policy for Governance of Related Party Transactions.

**n) “Related Party”** shall mean a related party as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations and under the applicable Indian Accounting Standards, as may be amended from time to time.

Provided that following shall be deemed to be a Related Party:

- a) all persons or entities forming part of promoter or promoter group
- b) any person/entity holding 10% or more equity shares in the listed entity, as below, 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:

**o) “Related Party Transaction or RPT”** means a transaction as defined in Regulation 2(1)(zc) of the Listing Regulations.

**p) “Relative”** shall mean a relative as defined under Section 2(77) of the Act read with Regulation 2(1)(zd) of Listing Regulations and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014.

**q) “Subsidiary”** shall mean subsidiary as defined under Section 2(87) of the Act read with Regulation 2(1)(zm) of the Listing Regulations

*Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Act or Rule made thereunder, Listing Regulations, Indian Accounting Standards or any other relevant legislations or law applicable to the Company including any statutory modification or re-enactment thereof, as the case may be.*

*Further, whenever threshold for obtaining approval of the Audit Committee, Board or the Shareholders changes with amendment in the Act or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or any relaxation is granted in terms of applicability or effective date, then, irrespective of what is stated above, such amended threshold or relaxations become applicable to the Company.*

### 3. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel (KMP) of the Company and its subsidiaries shall,

- a. at the time of appointment.
- b. annually; and
- c. whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such director or KMP is interested, whether directly or indirectly, to the Company Secretary of the Company or the subsidiary (as the case may be).

Each subsidiary shall furnish an updated list of its Related Parties to the Company & provide to the Company, information of any proposed Related Party Transactions, Material Related Party Transactions and any Material Modification(s), for the purpose of obtaining requisite approvals from the Company.

Accordingly, potential transactions with Related Parties based on the above disclosures are identified.

### 4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

#### 4.1. Approval of the Audit Committee

##### 4.1.1. Related Party Transaction of the Company:

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. The approval can be sought at the duly convened Audit Committee meeting or through resolution by circulation.

##### 4.1.2. Related Party Transaction of the subsidiary where the Company is not a party:

As per the Listing Regulations, prior approval of the Audit Committee is also required for RPT (including for any material modifications) of:

<p><b>Subsidiary which has the Audited Financial Statements:</b></p>	<p>if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds the lower of thresholds provided below:</p> <ol style="list-style-type: none"> <li>a) 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.</li> <li>b) the threshold for Material Related Party Transactions of Company as specified in Listing regulations and this policy.</li> </ol>
<p><b>Subsidiary does not have audited financial statements for a period of at least one year</b></p>	<p>if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds the lower of thresholds provided below:</p> <p>10 (ten) percent of 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</p>

	committee; or  the threshold for Material Related Party Transactions of Company as specified in Listing regulations and this policy.
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Approval of Audit Committee is not mandated, if the value of the transaction whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, does not exceed Rs. 1 Cr (One Crore)

Remuneration and sitting fees paid by the Company or any of its subsidiary to its Director, KMP 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 clause 2 (ja) of this policy.

Provided that only those members of the audit committee, who are independent directors, shall approve RPTs.

#### **4.1.3. Procedure and Criteria for approving Related Party Transactions:**

Minimum Information/disclosures shall be provided to the Audit Committee in the prescribed formats under the Listing Regulations, to approve the Related Party Transactions.

- **Omnibus approval**

In case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval.

While granting such approval, Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

The omnibus approval shall specify the following:

- a) Name of the related party;
- b) Nature of the transaction;
- c) Period of the transaction;
- d) Maximum amount of the transactions that can be entered into;
- e) Indicative base price/ current contracted price and formula for variation in price, if any;
- f) such other conditions as the Audit Committee may deem fit.

Further, where the need of the related party transaction cannot be foreseen, and all prescribed details are not available, Committee may grant omnibus approval for such transactions, subject to the value not exceeding Rs. 1 Crore per transaction.

The details of such transaction shall be reported at the next meeting of the Audit Committee for noting and approval/ ratification.

The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

The Audit Committee shall review on a quarterly basis, details of RPTs entered into by the Company pursuant to each of the omnibus approvals granted.

- **Omnibus Approval cannot be granted for**

In terms of the Act read with relevant rules, omnibus approval shall not be made for transactions in respect of selling or disposing of the Undertaking of the Company.

*Undertaking as defined under the Act, shall mean an undertaking in which investment of the Company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the Company during the previous financial year.*

- **Ratification of RPT by the Audit Committee**

RPT of Company/ Subsidiaries which was not prior approved by the Audit Committee shall be placed before the Audit Committee/ Board of Directors (as applicable) at the earliest for ratification or approval or termination as the case may be.

Members of Audit Committee, who are Independent Directors, may ratify RPT 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) 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. 1 Crore;
- (ii) transaction is not material in terms of Listing Regulations and clause 2 (j) of this policy ;
- (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) details of ratification shall be disclosed along with the disclosures of RPT to the Stock Exchanges;
- (v) any other condition as specified by the Audit Committee.

Provided that failure to seek ratification of Audit Committee shall render the transaction voidable at the option of the said 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 Company against any loss incurred by it.

#### **4.2. Approval of the Board**

All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company.

Director(s) interested in such RPT, shall abstain from discussion and voting on the subject matter.

### **4.3. Approval of Shareholders**

In terms of the Listing Regulations, all Material Related Party Transactions [as defined in clause 2(ja)] and Subsequent Material Modifications [as defined in clause 2(i)] shall require prior approval of the shareholders through an Ordinary Resolution.

Further, in terms of the Act and relevant rule, all RPTs which are not in the ordinary course of business or not at the arm's length and are exceeding threshold limits prescribed in Clause 2(jb) of this Policy, shall also require prior approval of shareholders through an Ordinary Resolution.

All entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

The omnibus approval granted by the shareholders for material related party transactions in an Annual General Meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.

In case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

### **4.4. Exemptions**

The approval of the Audit Committee, Board and Shareholders are not required for RPTs entered:

- a. between and among the wholly owned subsidiary(ies) and the Company, whose accounts are consolidated with the Company, if such transactions are in the Ordinary Course of Business or executed as Arm's length transaction.
- b. between and among two or more wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company.
- c. 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.

## **5. CONSIDERATIONS FOR APPROVAL OF THE PROPOSED RPT**

Audit Committee/ Board shall be provided with all relevant information about the proposed RPT for consideration and approval and will consider the following factors while approving the RPTs:

- a) That the terms of the RPT are in the ordinary course of the Company's business and is at Arm's Length Basis;
- b) The business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- c) Any potential reputational risks that may arise as a result of or in connection with the proposed RPT; and
- d) Impact of the RPT on the independence/ conflict of interest for any Director or Key Managerial Personnel of the Company.

## **6. DISCLOSURE BY COMPANY**

The Company shall submit to the Stock Exchanges disclosures of RPTs within such timeline and format as specified under the Listing Regulations.

Remuneration and sitting fees paid by the Company or any of its subsidiary to its Director, KMP or Senior Management, except who is part of promoter or promoter group, shall not be disclosed under above provided that the same is not material in terms of clause 2 (ja) of this policy.

This Policy shall be disclosed on the website of the Company and such web link shall also be provided in the Annual Report.

Particulars of contracts or arrangements with related parties shall also be disclosed in the Board Report of the Company.

## **7. POLICY REVIEW**

The Board based on the recommendations of the Audit Committee, may make amendments to this Policy from time to time. Provided that this Policy shall be reviewed by the Board at least once in every three years and updated accordingly.

In case of any subsequent changes in the provisions of the Act, Rules and the Listing Regulations, which makes any of the provisions in this Policy inconsistent, the provisions of the law, rule or regulation will take precedence over the provisions of this Policy and provisions in the Policy would be modified accordingly.

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**Version Control Sheet**

<b>Version Number</b>	<b>Version</b>	<b>Remarks</b>
V 1	Approved via Board Meeting dt. 11-04-2018	In line with the SEBI LODR Regulation 2015.
V2	Approved via Board Meeting dt. 31-01-2019	In line with the SEBI LODR Regulation 2015.
V3	Approved via Board Meeting dt. 15-05-2025	In line with the SEBI LODR Regulation 2015.
V4	Approved via Board Meeting dt. 06-02-2026	In line with the SEBI LODR Regulation 2015.