

GUJARAT TERCE LABORATORIES LIMITED

POLICY ON MATERIALITY OF AND ON DEALING WITH RELATED PARTY TRANSACTIONS

(Consolidated and Revised; adopted by the Board of Directors on 29th May, 2026, on the recommendation of the Audit Committee)

This Policy supersedes and replaces all earlier policies of the Company on related party transactions.

CIN: L24100GJ1985PLC007753 | Equity Shares listed on BSE Limited (Main Board)

1. Title

This Policy shall be called the “Policy on Materiality of and on Dealing with Related Party Transactions” (the “Policy”). This Policy is the single policy of the Company framed under Regulation 23(1) of the SEBI Listing Regulations, and supersedes and replaces all earlier related party transaction policies of the Company.

2. Objective

Gujarat Terce Laboratories Limited (“GTL” or “the Company”) has, over four decades, built a reputation as a trusted and respected name in the Indian pharmaceutical industry. As a part of its business activity, the Company deals with entities that are its related parties. The Company recognises that Related Party Transactions may involve potential or actual conflicts of interest and may raise questions as to whether such transactions are consistent with the best interests of the Company and its shareholders, and in compliance with the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

The Company does not encourage, nor does it endorse, entering into any transaction with any other person or entity with the intent of benefiting a Related Party, as envisaged under the definition of Related Party Transaction. In this regard, the Audit Committee may require the Directors and/or personnel of the Company (and/or its subsidiaries) and/or any other person, at its sole discretion, to provide such confirmation(s) and/or undertaking(s) as it may deem necessary.

The Board of Directors of the Company has adopted this Policy upon the recommendation of the Audit Committee. This Policy sets out the materiality thresholds and the manner of dealing with Related Party Transactions, in compliance with the requirements of the Act and the SEBI Listing Regulations, as amended from time to time.

3. Definitions

“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.

“Audit Committee or Committee” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations, as amended from time to time.

“Board” means the Board of Directors of Gujarat Terce Laboratories Limited, as constituted from time to time.

“Company” means Gujarat Terce Laboratories Limited.

“Key Managerial Personnel or KMP” means key managerial personnel as defined under Section 2(51) of the Act.

“Material Related Party Transaction” means a Related Party Transaction where the transaction(s) to be entered into, individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore (₹1,000 crore) or ten per cent (10%) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if such transaction(s), to be entered into individually or taken together with previous transactions during a financial year, exceed two per cent (2%) of the annual consolidated turnover of the Company as per its last audited financial statements.

Note: *Having regard to the Company's annual consolidated turnover (approximately ₹60 crore as per its last audited financial statements), the operative materiality threshold for the Company is ten per cent (10%) of the annual consolidated turnover; the ₹1,000 crore cap will not be the governing limit unless the Company's turnover so warrants. The thresholds shall stand automatically revised in consonance with the Company's turnover and any amendment to Regulation 23 read with Schedule XII of the SEBI Listing Regulations.*

“Material Modification” means any modification to a Related Party Transaction which was approved by the Audit Committee and/or the shareholders during a financial year, where the modification results in a variation in the value of the transaction by more than twenty per cent (20%) of the value of the transaction as last approved, or otherwise causes the transaction (as modified) to exceed the materiality threshold prescribed under Regulation 23(1) of the SEBI Listing Regulations, or alters the tenure, pricing or any other material term or condition of the transaction in a manner that, in the opinion of the Audit Committee, materially affects the interest of the Company or its stakeholders. A Material Modification shall require approval in the same manner as the original transaction.

“Policy” means this Policy, as amended from time to time.

“Related Party” means a related party as defined under Section 2(76) of the Act and under Regulation 2(1)(zb) of the SEBI Listing Regulations, as amended from time to time, including any person or entity forming part of the promoter or promoter group of the Company, and any person or entity holding, directly or indirectly (together with persons acting in concert), 20% or more of the shareholding in the Company (with effect from 1st April, 2022) or 10% or more of the shareholding in the Company (with effect from 1st April, 2023).

“Related Party Transaction or RPT” means a transaction as specified under Section 188 of the Act and under Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended from time to time, involving a transfer of resources, services or obligations between (a) the Company or any of its subsidiaries on the one hand and a Related Party of the Company or any of its subsidiaries on the other hand, regardless of whether a price is charged; or (b) the Company or any of its subsidiaries on the 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, regardless of whether a price is charged, subject to the exclusions specified under the SEBI Listing Regulations.

“Relative” means a relative as defined under Section 2(77) of the Act and under Regulation 2(1)(zd) of the SEBI Listing Regulations, as amended from time to time.

“Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

Any term not defined herein shall have the meaning assigned to it under the Act, the SEBI Listing Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or any other applicable law, unless the context otherwise requires.

4. Identification of Related Parties and Transactions

Every Director and Manager shall provide a declaration containing the following information to the Company Secretary, on an annual basis and whenever there is a change in the information provided:

1. the names of his/her Relative(s);
2. the firms in which he/she or his/her Relative(s) is a partner;
3. the private companies in which he/she or his/her Relative(s) is a member or director;
4. the public companies in which he/she is a director and holds, along with his/her Relative(s), more than 2% of the paid-up share capital;
5. any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with his/her advice, directions or instructions (other than in a professional capacity); and
6. the persons on whose advice, directions or instructions he/she is accustomed to act (other than in a professional capacity).

Every Director and Manager shall also undertake that (i) he/she will not cause or solicit any person or entity to enter into any transaction with the Company the purpose and effect of which is to benefit him/her and/or any Related Party of the Company through him/her; and (ii) if he/she comes to know of any such transaction, he/she shall immediately inform the Company and declare his/her interest or concern therein.

Every Key Managerial Personnel shall similarly provide a declaration to the Company Secretary, on an annual basis and whenever there is a change, of the names of his/her Relative(s) and the firms in which he/she or his/her Relative(s) is a partner, together with the undertakings referred to above (in respect of the Company and its subsidiaries).

Where a Promoter is a body corporate, the Promoter shall provide, on an annual basis and whenever there is a change: (i) a list of its holding and subsidiary companies; (ii) a list of bodies corporate in which the Promoter holds 20% or more of the equity share capital; and (iii) a list of bodies corporate which hold 20% or more of the equity share capital of the Promoter, along with PAN, CIN or any other identifier authorised by law, as applicable.

Every Director, KMP and officer authorised to enter into contracts/arrangements shall provide prior notice to the Chief Financial Officer, with a copy to the Company Secretary, of any potential Related Party Transaction, and shall provide such additional information as the Board/Committee may request. Besides

the above, the Company shall also identify other Related Parties as required under the Act and the SEBI Listing Regulations. Every Related Party Transaction shall be regulated in accordance with this Policy.

5. Approval of Related Party Transactions

(a) Audit Committee approval

1. All Related Party Transactions, and all subsequent modifications thereto (including Material Modifications), shall require the prior approval of the Audit Committee, whether at a meeting or by resolution by circulation or in any other manner permitted under the Act or the SEBI Listing Regulations.
2. Only those members of the Audit Committee who are Independent Directors shall approve a Related Party Transaction.
3. A Related Party Transaction to which a subsidiary of the Company is a party but the Company is not a party shall also require the prior approval of the Audit Committee of the Company, if the value of such transaction (whether individually or taken together with previous transactions during a financial year) exceeds the thresholds prescribed under Regulation 23 of the SEBI Listing Regulations. (This provision shall become operative if and when the Company has a subsidiary; as on the date of this Policy, the Company has no subsidiary.)
4. A Related Party Transaction includes a transaction between the Company on the 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.

In the case of a transaction other than a transaction referred to in Section 188 of the Act, where the Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

(b) Ratification by the Audit Committee

The members of the Audit Committee who are Independent Directors may ratify a Related Party Transaction within three (3) months from the date of the transaction or at 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 individually or taken together during a financial year, shall not exceed rupees one crore (₹1 crore);
- (ii) the transaction is not material in terms of Regulation 23(1) of the SEBI Listing Regulations;
- (iii) the rationale for the inability to seek prior approval 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 under Regulation 23(9) of the SEBI Listing Regulations; and
- (v) any other condition as specified by the Audit Committee.

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 of any Director, or is authorised by any other Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

(c) Master agreements

Where the Company enters into a contract/transaction with a Related Party which stipulates the details prescribed by the Act, the SEBI Listing Regulations, the SEBI circulars and/or the circulars of the stock exchange(s), prior approval once given by the Audit Committee shall suffice, and the Audit Committee shall only note the transactions entered into pursuant to such master agreement; such transactions shall not require additional approval unless the Company proposes a Modification, or the subsidiary proposes a Material Modification, of the referred contract/transaction.

6. Omnibus Approval

The Audit Committee may grant omnibus approval for proposed Related Party Transactions, subject to the following conditions:

1. the Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy;
2. the Audit Committee shall satisfy itself as to (a) the need for such omnibus approval and that it is in the interest of the Company / its subsidiary; (b) the repetitiveness of the transactions; and (c) the justification for the need of omnibus approval;
3. such omnibus approval shall specify: (a) the name(s) of the Related Party; (b) the nature of the transaction; (c) the period of the transaction; (d) the maximum amount of the transaction that can be entered into; (e) the indicative base price / current contracted price and the formula for variation in price, if any; (f) any other relevant information; and (g) such other conditions as the Audit Committee may deem fit.

Omnibus approval shall not be made for selling or disposal of the undertaking between Related Parties. Where the need for a Related Party Transaction cannot be foreseen and the details specified above are not available, the Audit Committee may grant omnibus approval subject to the value not exceeding rupees one crore (₹1 crore) per transaction, or such amount as may be prescribed from time to time.

All omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into pursuant to each omnibus approval, and shall review the status of long-term (more than one year) or recurring RPTs on an annual basis. These provisions shall not apply to a transaction (other than a transaction referred to in Section 188 of the Act) between a holding company and its wholly owned subsidiary company.

7. Transactions Exempt from Prior Approval

As provided in the SEBI Listing Regulations, the following transactions shall not be required to follow the provisions relating to prior approval of the Audit Committee or prior approval of the shareholders, as the case may be:

- (vi) a transaction between the Company (as holding company) and its wholly owned subsidiary, or between 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;

(vii) a transaction in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on the one hand and the Central Government and/or any State Government on the other hand; and

(viii) any other transaction(s) exempted under the SEBI Listing Regulations.

8. Approval of the Board and Conduct of Interested Members

The Board shall approve such Related Party Transactions as are required to be approved under the Act and/or the SEBI Listing Regulations, and such transactions as are referred to it by the Audit Committee. A member of the Committee, or a Director, who has an interest in any Related Party Transaction shall not remain present at the meeting when such transaction is considered.

To review a Related Party Transaction, the Board/Audit Committee shall be provided with all relevant information prescribed under the Act, the SEBI Listing Regulations and applicable circulars, including the terms of the transaction, its business purpose, the benefits to the Company/subsidiary, and any other required matter. In determining whether to approve a Related Party Transaction, the Board/Audit Committee shall consider, inter alia:

- whether the terms of the transaction are fair to the Company and would apply on the same basis as if the transaction did not involve a Related Party;
- whether there are compelling business reasons for the Company to enter into the transaction, and the nature of any alternative transactions;
- whether the transaction would impair the independence of an otherwise Independent Director;
- whether the transaction would present a conflict of interest for any Director or KMP of the Company or its subsidiaries, having regard to the size of the transaction, the overall and direct/indirect interest of the Director, KMP or other Related Party, and the ongoing nature of any proposed relationship;
- whether the purpose and effect of the transaction is to benefit any other Related Party of the Company; and
- any other factors the Board/Audit Committee may deem fit to consider.

9. Approval of Shareholders

All Material Related Party Transactions, and all Material Modifications thereto, shall require the prior approval of the shareholders of the Company by resolution (unless exempted under the SEBI Listing Regulations), and no Related Party shall vote to approve such resolution, whether or not such entity is a Related Party to the particular transaction.

All Related Party Transactions under Section 188 of the Act which are not in the ordinary course of business and/or not on an arm's length basis, and which cross the threshold limits prescribed under the Act (as set out in Annexure 1), shall also require the approval of the shareholders (unless exempted under the Act), and no member who is a Related Party in the context of the relevant contract or arrangement shall vote on such resolution.

“Ordinary course of business” includes the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities, and all such activities which the Company can undertake in accordance with its memorandum and articles of association. Approval of the shareholders shall not be required for a Material Related Party Transaction undertaken pursuant to a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognised stock exchange(s) within one (1) day of the resolution plan being approved.

The notice sent to the shareholders seeking approval of a proposed Related Party Transaction shall, in addition to the requirements under the Act, include the information required under the SEBI Listing Regulations and applicable circulars. Where the shareholders do not approve a Related Party Transaction, the Board/Audit Committee may direct additional actions, including immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for approval.

10. Minimum Information for Audit Committee and Shareholders

The Company shall ensure compliance with the Industry Standards on “Minimum Information to be provided for Review of the Audit Committee and Shareholders for Approval of a Related Party Transaction (RPT)”, as made applicable by SEBI from time to time, while placing any Related Party Transaction for the approval of the Audit Committee or the shareholders.

11. Disclosure and Reporting of Related Party Transactions

The Company shall submit to the stock exchange(s) disclosures of Related Party Transactions in such format, on a consolidated basis, and within such timelines as are prescribed under Regulation 23(9) of the SEBI Listing Regulations and the applicable SEBI/stock exchange circulars, and shall publish the same on its website.

The remuneration and sitting fees paid by the Company to its director, key managerial personnel or senior management (except a person who is part of the promoter or promoter group) shall not require disclosure to the stock exchange(s), provided that the same is not material in terms of Regulation 23(1). Every Related Party Transaction / contract or arrangement that is (i) material, or (ii) not at arm’s length basis and/or not in the ordinary course of business, shall be referred to in the Board’s Report to the shareholders, along with the justification for entering into such transaction, as required under the Act.

No business head, sourcing department, department head or other authorised person shall undertake any transaction with a Related Party unless they confirm that the transaction has the prior approval of the Audit Committee and is both in the ordinary course of business and on an arm’s length basis. Any transaction not meeting these criteria shall be brought to the notice of the Secretarial Department, the Accounts Department and the Chief Financial Officer for seeking the requisite approvals.

12. Amendments

The Audit Committee may, for the purpose of aligning this Policy with regulatory changes, amend or substitute any provision(s), or replace this Policy entirely with a new policy, and shall place the same before the Board. The Board may also amend this Policy from time to time on the recommendation of the Audit Committee, and shall review this Policy as prescribed under the Act or the SEBI Listing Regulations.

In the event of any inconsistency between this Policy and the Act or the SEBI Listing Regulations (as amended), the provisions of the Act / the SEBI Listing Regulations shall prevail, and this Policy shall be deemed to be amended accordingly.

13. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulations, the Act or any other statutory enactment or rules, the provisions of the SEBI Listing Regulations, the Act or such statutory enactment or rules shall prevail over this Policy.

14. Dissemination of Policy

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company, shall be hosted on the intranet and on the website of the Company under a separate identifiable section in compliance with Regulation 46 of the SEBI Listing Regulations, and the web-link thereto shall be provided in the Annual Report of the Company.

Adopted by the Board of Directors on: 29 May 2026 (supersedes all earlier RPT policies of the Company)

ANNEXURE 1 — THRESHOLD LIMITS UNDER SECTION 188 / RULE 15

Transactions/contracts/arrangements with respect to clauses (a) to (g) of sub-section (1) of Section 188 of the Act, read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, which (where not in the ordinary course of business and/or not at arm's length) require the prior approval of the shareholders by ordinary resolution where the value exceeds the limits stated below:

Sr. No.	Nature of Transaction	Threshold Limit
1.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent(s)	Amounting to 10% or more of the turnover of the Company
2.	Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent(s)	Amounting to 10% or more of the net worth of the Company
3.	Leasing of property of any kind	Amounting to 10% or more of the turnover of the Company
4.	Availing or rendering of any services, directly or through appointment of agent(s)	Amounting to 10% or more of the turnover of the Company
5.	Appointment to any office or place of profit in the Company, its subsidiary or associate company	At a monthly remuneration exceeding ₹2,50,000
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Exceeding 1% of the net worth of the Company

Note: The limits in items 1 to 4 apply individually and on an aggregate basis for transactions of the same nature during a financial year. The first proviso to Section 188(1) (ordinary course of business and arm's length basis) exemption, and the SEBI materiality thresholds under Regulation 23 read with Schedule XII, are dealt with in the body of this Policy.

Materiality thresholds under Regulation 23 read with Schedule XII (scale-based framework)

Annual Consolidated Turnover of the Company	Materiality Threshold for Related Party Transactions
Up to ₹20,000 crore	10% of the annual consolidated turnover of the Company
Above ₹20,000 crore and up to ₹40,000 crore	₹2,000 crore + 5% of the turnover exceeding ₹20,000 crore
Above ₹40,000 crore	₹3,000 crore + 2.5% of the turnover exceeding ₹40,000 crore, OR ₹5,000 crore, whichever is lower

Applicable threshold for the Company: As the Company's annual consolidated turnover (approximately ₹60 crore) falls within the first slab, a Related Party Transaction is material if it exceeds 10% of such annual consolidated turnover; royalty / brand-usage payments are material if they exceed 2% of such turnover. These limits shall be deemed revised in consonance with any amendment to the Act and the SEBI Listing Regulations.