

GODFREY PHILLIPS INDIA LIMITED

**Policy on Materiality of Related Party Transactions and
on Dealing with Related Party Transactions**
*(Pursuant to Regulation 23(1) of
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

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A) INTRODUCTION

Godfrey Phillips India Limited (“**GPI**” or “**the Company**”) has always been committed to good corporate governance practices. As a matter of practice, the Company follows arm’s length basis in transacting business with its related parties, which are in the ordinary course of business. The Board of Directors has approved this Policy upon recommendation of the Audit Committee.

This Policy (“**RPT Policy**”) includes materiality thresholds and the manner of dealing with Related Party Transactions in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”).

The Board of Directors shall review the RPT Policy at least once in every three years basis the recommendations of the Audit Committee.

RPT Policy applies to Related Party Transactions (defined below). Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

B) DEFINITIONS

- I) “**Act**” means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, or re-enactments thereof.
- II) “**Arm’s length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- III) “**Audit Committee**” means the Audit Committee duly constituted by the Board of Directors of the Company.
- IV) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.
- V) “**Material Related Party Transaction**” means a Related Party Transaction which to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, any 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.

- VI) “**Material Modification in related party transaction**” will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as approved by the Audit Committee / Board / Shareholders, as the case may be.
- VII) “**Related Party**”:

An entity/person shall be considered as related to the Company if:

- i. such entity/person is a related party under Section 2(76) of the Act; or
- ii. such entity/person is a related party under applicable accounting standards.

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 of ten per cent or more in the listed entity 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.

VIII) “Related Party Transaction” (RPT):

“Related Party Transaction” 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;

regardless of whether a price is charged for such a transaction 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 deemed 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 its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

IX) Any term or expressions used in the RPT Policy and not defined here shall have the meanings as defined in the SEBI Listing Regulations, the Act, or any other SEBI Regulation, or in any statutory modifications or re-enactments thereof, as the case may be.

C) POLICY GUIDELINES

- 1. The ongoing transactions with various related parties are perused and approved by the Audit Committee from time to time. While such transactions are in the ordinary course of business and on an arm's length basis, yet any material modification or fresh arrangement with them are to be approved by the Audit

Committee from time to time.

2. All related party transactions and subsequent material modifications thereto shall require prior approval of the Audit Committee.
3. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.
4. Related party transaction to which the subsidiary of the 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 whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
5. The approval of the Audit Committee of the Company shall not be required for:
 - i) transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval;
 - ii) a related party transaction to which the listed subsidiary of the Company is a party, but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

- iii) 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 the same is not material in terms of provisions of sub-regulation (1) of regulation 23 of SEBI Listing Regulations.
6. The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions, namely-
 - (a) such approval shall be applicable in respect of transactions which are repetitive in nature;
 - (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
 - (c) the omnibus approval shall specify:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (d) Such omnibus approval referred above shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of said financial year.
7. The Audit Committee shall review at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to the omnibus approval given and shall also review the status of long-term (more than one year) or recurring related party transactions on an annual basis.
 8. In the event of any contract or arrangement with a related party is not in the ordinary course of business or at an arm's length, the Company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders as applicable, for such contract or arrangement.
 9. The Board shall from time to time approve the threshold limits for transactions with related party(ies) to be entered by the Company.
 10. All material related party transactions and subsequent material modifications, other than those with wholly owned subsidiaries and transactions entered into 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, will be placed for approval of the shareholders of the Company.

No related party shall vote to approve such resolutions whether entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party, but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

11. While approving the related party transactions, the Audit Committee will go through all the material details like (i) whether the transaction is fair to the Company; (ii) whether the Audit Committee has been made available all of the material facts regarding the transaction or parties involved in the transaction, (iii) whether the transaction is generally available to an unrelated third-party under the same or similar circumstances and cost, and (iv) the extent of the Related Person's interest in the transaction.
12. The agenda of the Audit Committee / Board meeting, at which any resolution pertaining to transactions with related parties is proposed to be moved, shall disclose:
 - 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 transaction 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
 - 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.
13. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
14. The explanatory statement to be annexed to the notice of a general meeting convened for the purpose of seeking approval of shareholders for entering into related party transactions shall contain the following particulars namely: -
- a) name of the related party.
 - b) name of the director or key managerial personnel who is related, if any.
 - c) nature of relationship.
 - d) Summary of the information provided by the management of the Company to the Audit Committee as specified in points above.
 - e) Justification for why the proposed transaction is in the interest of the Company.
 - f) Where the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary, the details specified under points above.
 - g) A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders.
 - h) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis.
 - i) any other information relevant or important for the members to take a decision on the proposed resolution.
15. Where, owing to exigencies, Related Party Transactions have been executed without being placed for prior approval by the Audit Committee, 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 sub-regulation (1) of regulation 23 of SEBI 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 sub-regulation (9) of regulation 23 of SEBI Listing Regulations;
- (v) any other condition as specified by the Audit Committee.

Further, the 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 Company against any loss incurred by it.

16. The Company shall disclose the RPT Policy on its website and a web link thereto shall be provided in the Annual Report.
17. The Company shall submit to the Stock Exchange, disclosure of related party transactions, in the format specified by the Securities and Exchange Board of India from time to time, every six months on the date of publication of its standalone and consolidated financial results and shall publish the same on its website.

However, the 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 be disclosed to Stock Exchanges, provided the same is not material in terms of provisions of sub-regulation (1) of regulation 23 of SEBI Listing Regulations.

D) REVIEW

The Board shall have the power to amend any of the provisions of the RPT Policy, substitute any of the provisions with a new provision or replace the Policy entirely with a new Policy.

In the event of any inconsistency between the RPT Policy and the applicable laws, the applicable laws will prevail. Any subsequent amendment/ modification in the SEBI Listing Regulations and/or applicable laws in this regard shall automatically apply to the RPT Policy.

E) VERSION CONTROL

Version	Change Description	Date
1.0	Policy approved.	5 th July 2014
1.1	Changes made pursuant to amendments in Regulation 23 of SEBI Listing Regulations.	30 th May 2019
1.2	Changes made pursuant to amendments in Regulation 23 of SEBI Listing Regulations.	29 th January 2022
1.3	Policy revised owing to periodic review and amendments in Regulation 23 of SEBI Listing Regulations.	18 th December 2024