



POLICY ON RELATED PARTY TRANSACTIONS

INTRODUCTION

SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions ("**Policy**").

DEFINITIONS

"**Act**" shall mean the Companies Act, 2013 and includes any amendment thereof. All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules there under and the Listing Agreement, as amended from time to time.

OBJECTIVE OF THE POLICY

The Board of Directors ("the Board") of Godavari Drugs Limited ("**GDL**" or "**the Company**"), after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions, in line with the requirements of the Companies Act, 2013 and the Equity Listing Agreement.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

Approval of related party transactions:

A. Audit Committee

1. All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
2. Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or

(ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

3. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis subject to compliance of listing agreement or any other applicable laws.

4. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

B. Board of Directors

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction

C. Shareholders

If a related party transaction is (i) a material transaction as per listing agreement, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction.

REPORTING OF RELATED PARTY TRANSACTIONS

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy. The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.