

	GALAXY SURFACTANTS LIMITED	
TITLE: Policy on Related Party Transactions	Document No.	Secretarial\Policies\003
	Original Policy Date	25-01-2018
	Revision No	03
	Revision Date	16-05-2025
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Policy on Related Party Transactions

1. Introduction

Galaxy Surfactants Limited ("GSL" or "the Company") ¹or its subsidiaries may engage with related parties in the ordinary course of business and on an arm's length basis if the transactions with related parties are in the interests of the Company and its stakeholders. While entering into such related party transactions, it should be ensured that such transactions are in compliance with the applicable laws.

The Board of Directors of the Company has adopted this Policy on Related Party Transactions ("Policy") for the Related Party Transactions ("RPTs") based on the recommendation of the Audit Committee pursuant to provisions of the Memorandum of Association ("MOA") and Articles of Association ("AOA") of the Company, Sections 177, 188 and other applicable provisions of the Companies Act, 2013 ("2013 Act") and the Rules framed thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

2. Objective of the Policy

This Policy is intended to ensure that appropriate reporting, approval and disclosure processes are in place for all Related Party Transactions.

This Policy also lays down the reporting requirements of RPTs.

This Policy is prepared to comply with 2013 Act and Listing Regulations. In the event of any inconsistency between this Policy and the provisions of 2013 Act and Listing Regulations, provisions of 2013 Act and Listing Regulations, as amended from time to time, will prevail over this Policy.

3. About the Company

GSL was incorporated on 20th May 1986. The Company is engaged in manufacturing and marketing surfactants and specialty chemicals for the Personal and Home Care Industry.

The Company's products cater to some of the largest global brands in the FMCG sector and find applications in skin care, hair care, oral care and home care segments.

¹ The words "or its subsidiaries" inserted w.e.f. May 17, 2022.

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4. Definitions and Applicability

For the purpose of this Policy:-

"Arm's Length Transaction"² means a transaction between two related parties that is conducted as if they are unrelated, such that there is no conflict of interest.

"Ordinary Course of Business" means a transaction which is carried out in the normal course of business envisaged in accordance with the Company's MOA and AOA of the Company as amended from time to time.

"Material Modification"³ means any modification in the originally approved transaction which results in an adverse change in value, rate or tenure.

"Material Related Party Transactions" will have the meaning ascribed to it in the Explanation to Regulation 23(1) of the Listing Regulations i.e. if the RPT to be entered into individually or taken together with previous transactions during a financial year with such related party, exceeds ⁴Rs. 1000 Crore or 10% of the annual consolidated turnover of the Company ⁵whichever is lower as per its last audited financial statement. However, 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 ⁶5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.⁷

"Relative" shall have the meaning ascribed to it in Section 2(77) of 2013 Act.

² As defined under Section 188 of the Companies Act, 2013

³ Definition inserted on May 17, 2022 and effective from April 1,2022

⁴ The words "Rs. 1000 Crore or" are inserted as per SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, on May 17, 2022 and effective from April 1,2022

⁵ The words "whichever is lower" are inserted as per SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, on May 17, 2022 and effective from April 1,2022

⁶ Substituted for the word "two" by SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2019, w.e.f. June 27, 2019

⁷ As inserted in the SEBI (LODR) (Amendment) Regulations, 2018 dated May 9, 2018 effective 1.4.2019

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“Related Party” will have the meaning ascribed to it under Section 2(76) of 2013 Act or under the applicable accounting standards;

⁸Provided 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:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:”

Reference and reliance may be placed on the rules/clarification/regulations issued by the Ministry of the Corporate Affairs, Government of India and Securities and Exchange Board of India and other Authorities from time to time for interpretation of the term “Related Party”.

“Related Party Transactions” means all transactions between the Company/ Subsidiaries on one hand and one or more related party(ies) on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of 2013 Act and/or as defined under Regulation 2(1)(zc) of the Listing Regulations.

“Key Managerial Personnel” means Key Managerial Personnel as defined under Section 2(51) of 2013 Act.

“Board of Directors” or “Board” means the collective body of the Directors of the Company.

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of 2013 Act and Regulation 18 of the Listing Regulations.

⁸ Substituted as per SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, on May 17, 2022 and effective from April 1,2022.

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“Chief Executive Officer” (CEO) means Chief Executive Officer as defined under Section 2(18) of 2013 Act.

“Chief Financial Officer” (CFO) means Chief Financial Officer as defined under Section 2(19) of 2013 Act.

“Company Secretary” (CS) means a Company Secretary as defined in Section 2(24) of 2013 Act.

“Managing Director” means a Managing Director as defined in Section 2(54) of 2013 Act.

“Manager” means a Manager as defined in Section 2(53) of 2013 Act.

“Net worth” means net worth as defined in section 2(57) of the 2013 Act.

“Senior Management” will have the meaning ascribed to it in the explanation to section 178 of 2013 Act and the Listing Regulations⁹.

“Whole-time Director” means Whole-time Director as defined in Section 2(94) of 2013 Act.

“Turnover” means turnover as defined in Section 2(91) of 2013 Act.

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

All capitalised terms used in this Policy but not defined herein shall have the meaning ascribed to such term in 2013 Act and the Rules framed there under or in the Listing Regulations, as amended from time to time.

This Policy applies to all the transactions of the Company with its related parties including changes, if any, in related parties from time to time.

5. Policy Approach

In dealing with RPTs, the Company will follow the following approach:

A. Identification of RPTs

⁹ As amended in the SEBI (LODR) (Amendment) Regulations, 2018 dated May 9, 2018 effective April 1, 2019

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- I. All RPTs ¹⁰and any subsequent Material Modification must be brought to the notice of the Audit Committee of the Company.
- II. Any employee of the Company who is aware of any transaction that is or may be perceived to be a RPT ¹¹or any subsequent Material Modification is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.
- III. Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company Secretary of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year.
- IV. In addition, all Directors, and KMPs are responsible for providing notice to the Company Secretary of any potential RPT involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

The Company prefers to receive such notice of any potential RPTs ¹²or any subsequent Material Modifications in advance so that the Audit Committee/Board/Company Secretary has sufficient time to review information regarding the proposed transactions.

For the limited purpose of requirements of disclosure of any conflict of interest as specified by the 2013 Act and the Listing Regulations, this section shall also apply to the members of Senior Management.

B. Approval of RPTs

i. Approval of the Audit Committee

All RPTs ¹³and subsequent material modifications shall require prior approval of the Audit Committee. ¹⁴Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

¹⁰ The words “and any subsequent Material Modification” inserted on May 17, 2022 and effective from April 1,2022

¹¹ The words “and any subsequent Material Modification” inserted on May 17, 2022 and effective from April 1,2022

¹² The words “or any subsequent Material Modification” inserted on May 17, 2022 and effective from April 1,2022

¹³ The words “and subsequent modifications shall” inserted on May 17, 2022 and effective from April 1,2022

¹⁴ Proviso inserted on May 17, 2022 and effective from April 1,2022

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¹⁵[(a) a related party transaction to which the subsidiary of GSL is a party but the GSL is not a party, shall require prior approval of the audit committee of the GSL 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 consolidated turnover, as per the last audited financial statements of the GSL;

(b) with effect from April 1, 2023, a related party transaction to which the subsidiary of GSL is a party but the GSL is not a party, shall require prior approval of the audit committee of the GSL 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;

(c) prior approval of the audit committee of the GSL shall not be required for a related party transaction to which the listed subsidiary is a party, but the GSL is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing regulations are applicable to such listed subsidiary;

¹⁶(d) remuneration and sitting fees paid by GSL or its subsidiary to its director, key managerial personnel or senior management, except who is a part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

Explanation: For related party transactions of unlisted subsidiaries of GSL as referred to in (c) above, the prior approval of the audit committee of GSL shall suffice.]

¹⁷The above provisions shall not be applicable for the following transactions:

- (a) entered into between the Company and its wholly owned subsidiary(ies). whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
- (b) which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand

¹⁵ Inserted as per requirement of the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, on May 17, 2022 and effective from April 1, 2022

¹⁶ Inserted w.e.f. May 17, 2025

¹⁷ Inserted w.e.f. May 17, 2025

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and the Central Government or any State Government or any combination thereof on the other hand.

However, the Company can obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall, subject to the approval of the Board of Directors, lay down the criteria for granting the omnibus approval in accordance with the provisions of 2013 Act and the Rules made thereunder.
- The Audit Committee while granting omnibus approval shall consider the repetitiveness of the transactions (in past or in future) and justification for the need of such approval.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- The omnibus approval shall provide details of (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 (for example: +/- 5%) and (iii) such other conditions as the Audit Committee may deem fit.

However, in case of RPTs which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value of RPT does not exceed Rs. 1 Crore per transaction.

- The 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.
- Such omnibus approval shall be valid for a period of 1 financial year and shall require fresh approvals after the expiry of 1 financial year.
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

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While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e., details of goods or property to be acquired/transferred or services to be rendered/availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;
- Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - management assessment of pricing terms and business justification for the proposed transaction;
 - comparative analysis, if any, of other such transaction entered into by the company.

ii. Approval of the Board of Directors of the Company

As per the provisions of Section 188 of 2013 Act, all kinds of transactions specified under the said section and which are not in the ordinary course of

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business or not at arm's length basis or both, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Material RPTs which are intended to be placed before the shareholders for approval.

iii. Approval of the Shareholders of the Company

All Material RPTs ¹⁸and subsequent Material Modifications as defined by the audit committee shall be placed before the shareholders for ¹⁹prior approval through resolution and ²⁰[no related party shall vote to approve] on such resolution whether the entity is related party to the particular transaction or not.

²¹ [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 Listing Regulations are applicable to such listed subsidiary.

¹⁸ Inserted as per the requirement of Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, **w.e.f. May 17, 2022**.

¹⁹ Inserted as per the requirement of Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, **w.e.f. May 17, 2022**

²⁰ As substituted in the SEBI (LODR) (Amendment) Regulations, 2018 dated May 9, 2018 effective April 1, 2019

²¹ Proviso added as per the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

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

All RPTs pursuant to section 188 of 2013 Act which are not in the ordinary course of business and / or not an Arms' length basis and which crosses the threshold limits prescribed under 2013 Act, shall also require the approval of shareholders of the Company.

Approval of the Shareholders of the Company would not be required for RPT entered:

- (a) by the Company with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of GSL and placed before the shareholders of GSL at the general meeting for approval.
- (b) ²² Transactions entered into between two wholly-owned of the Company, whose accounts are consolidated with the Company and placed before the shareholders of GSL at the general meeting for approval.

6. Reporting and Disclosure(s)

Disclosures with respect to RPT shall be made as per applicable provisions of 2013 Act and/or Listing Regulations.

The Company shall disclose the RPT Policy on its website and a web-link thereto shall be provided in the Annual Report.

7. RPTs not approved under this Policy

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT ²³subject to the following conditions:

²² Inserted as per requirement of the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, on May 17, 2022 and effective from April 1,2022

²³ Inserted w.e.f. May 17, 2025

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- (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;
- (iii) Rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.

The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. Amendments to this Policy

The Board of Directors of the Company shall review and amend this policy including threshold limits for Material Related Party transactions, at least once every three years and updated accordingly.