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Emami paper mills limited

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REVISED POLICY FOR TRANSACTIONS WITH RELATED PARTIES

[Considering the Amendments made in the
SEBI (Listing Obligations & Disclosure Requirements)
(Amendment) Regulations, 2018

&

Third (Amendment) Regulations, 2019]

(As approved by the Audit Committee and the Board of Directors at their
respective meetings held on 09th January 2020)

1. OBJECTIVE

The Board of Directors (the "Board") of Emami Paper Mills Limited (the "Company" or "EPML"), has adopted this Policy on Related Party Transactions as required Under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("hereinafter referred to as SEBI LODR"), as amended.

This Policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also lay down mechanisms for identification, approval, review and reporting of such transactions.

The Policy on Related Party Transactions may be amended at any time and is subject to any further change in the SEBI LODR Regulations or the Companies Act, 2013 (the Act) or rules/regulations made thereunder.

Regulation 23 (1) of SEBI LODR has stipulated that a listed entity shall formulate a policy on the materiality of related party transactions and on dealing with related party transactions, including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors once every three years and updated accordingly.

2. DEFINITIONS

"Audit Committee (Committee)" means Committee of Board of Directors of the Company constituted under the provisions of the SEBI LODR Regulations as well as the Companies Act, 2013.

"Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

"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.

"Board" means the Board of Directors of the Company.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Key Managerial Personnel or KMPs" mean key managerial personnel as defined under the Companies Act, 2013.

“Material Related Party Transaction under Companies Act 2013” means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceed ten per cent of the annual consolidated turnover of the company as per last audited financial statements of the company.

“Material Related Party Transaction under SEBI LODR Regulations” means a transaction covered under Regulation 23 of the SEBI LODR Regulations with a related party as defined hereunder and **value of such transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per last audited financial statements of the company.** Further, **in case of transactions involving payments made with respect to brand usage or royalty, if exceed five per cent of the annual consolidated turnover of the company as per last audited financial statements of the company.**

“Policy” means this Policy on Related Party Transactions.

“Related Party” for the purpose of Regulation 23 of SEBI LODR, an entity shall be considered as a related party to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013;
- (ii) such entity is a related party under the applicable accounting standards; or
- (iii) any person or entity belonging to the promoter or promoter group of the company and holding 20% or more of shareholding in the listed company.

“Related Party Transaction” means a transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract

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.

“Relative” means relative as defined under section 2 (77) of the Companies Act, 2013.

“Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or SEBI LODR including any statutory modifications or re-enactments thereof for the time being in force.

3. POLICY

All Related Party Transactions must be identified and reported to the Audit Committee and also to the Directors and shareholders, wherever necessary, for their approval. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the SEBI LODR Regulations.

4.1. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each director and Key Managerial Personnel are responsible for providing notice of disclosure of interest under section 184 of the Companies Act 2013 along with the list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP or any other related party without the necessary approvals.

4.2 PROCEDURE TO BE ADOPTED FOR RELATED PARTY TRANSACTIONS

APPROVAL OF AUDIT COMMITTEE

All Related Party Transactions shall require prior approval of the Audit Committee. Except for transactions 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 of the company for approval ('WOS'), ALL Related party transactions shall require prior approval of the Audit Committee.

Provided that any Related party transaction which is not in the ordinary course of business or not at arm's length shall require prior approval of the Audit Committee.

APPROVAL OF BOARD OF DIRECTORS

All the Related Party Transactions under section 188 of the Companies Act 2013 shall be approved by the Board of Directors of the Company; however, this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

All the Material Related Party Transactions as per SEBI LODR Regulations shall be approved by the Board of Directors of the Company.

APPROVAL OF SHAREHOLDERS

All the material related party transactions under SEBI LODR Regulations shall require the approval of the shareholders through resolution and no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not:

Provided that the requirements specified above shall not apply to in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Further, any transactions not covered above, but covered under the "material related party Transactions defined under section 188 of the Companies Act 2013 shall be approved by the shareholders through a special resolution and the concerned related party(ies) which are related to that transaction shall not vote on such resolution.

4.3 FACTORS TO BE CONSIDERED WHILE GRANTING APPROVAL TO RELATED PARTY TRANSACTIONS:

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

Whether the terms of the Related Party Transaction are fair and on the arms-length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

Whether the Related Party Transaction would affect the independence of an independent director;

Whether the transaction qualifies to be a transaction in the ordinary course of business and at arm's length.

Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking

into account the terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

4.4 REVIEW & MONITORING OF RELATED PARTY TRANSACTIONS:

The Audit Committee may review and monitor a Related Party Transaction taking into account the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In connection with any review of a Related Party Transaction, the Committee has the authority to modify or waive any procedural requirements of this Policy.

4.5 FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS:

Notwithstanding the foregoing, the following Related Party Transactions shall not require the approval of Audit Committee or Shareholders:

Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event, the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification by it or recommend the Board for their ratification or seeking approval of Shareholders, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

6. EXISTING RELATED PARTY TRANSACTIONS:

This policy shall operate prospectively and all the agreements which have been entered before the effective date of this policy and are in accordance with the then prevailing laws shall be valid and effective. However, any agreement for material transactions that have been already approved and continued to be operational beyond March 2015, a procedure under clause 4.2 is to be followed.

This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company and the definition/provisions of the policy herein shall be deemed to have been amended to the extent of any alterations in-laws/ statutes by virtue of an amendment.

7. DISCLOSURES

Appropriate disclosures as required under the Laws shall be made in its Annual Returns, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the company are listed and such other authority as may be prescribed under the laws.

8. GENERAL

The Policy would be subject to revision/amendment in accordance with the Laws.