

Related Party Transactions Policy

1. Introduction

Ellora paper Mills Limited (“the Company”) has always been committed in upholding the highest degree of ethical and legal conduct, while transacting business with related parties. As a good corporate governance practice, the Company follows arm’s length basis in transacting business with its related parties, which are in the ordinary course of business.

The Policy on Related Party Transactions includes material thresholds and the manner of dealing with

Related Party Transactions (“the Policy”) in compliance with the requirements of the Companies Act,

2013 and the Rules made thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchange. The Policy has been formulated by the Board of Directors, in order to govern the transparency and procedural fairness of the approval process and disclosure requirement in the conduct of related party transactions.

This Policy applies to all transactions executed between the Company and one or more of its Related Parties, which are taken in the best interest of the Company and its shareholders.

2. Objectives

The Listing Agreement entered into with the Stock Exchange directs the formulation of a Policy on Material Related Party Transactions and also on dealings with Related Party Transactions.

3. Definitions

- a. “Act” means Companies Act, 2013.
- b. “Arm’s Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c. “Audit Committee” means a committee of Board of Directors of the Company.
- d. “Board of Directors” or “Board” means the Board of Directors of the Company.
- e. “Company” means Ellora Paper Mills Limited.
- f. “Key managerial personnel”, in relation to a Company, means the Key Managerial Personnel of the Company as defined under the Act.
- g. “Listing Agreement” means Equity Listing Agreement of the Company entered into with BSE Limited.

- h. "Material Related Party Transaction" means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the company, whichever is higher as may be prescribed from time to time.
- i. "Policy" means the Policy on Related Party Transactions, including amendments, if any, from time to time.
- j. "Related Party" means a related party as defined under the Act read with Clause 49 of the Listing Agreement and as amended from time to time.
- k. "Related Party Transaction" means any transaction between the Company and any Related Party, as defined under the Act read with Clause 49 of the Listing Agreement and as amended from time to time.
- l. "Relative" means a relative as defined under the Act.
- m. "Transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

4. Policy

All Related Party Transactions entered by the Company must be reported to and approved by the Audit

Committee, based on this Policy:

- Classification of Potential Related Party Transactions.
- Subsidiaries of the Company shall be considered as Related Parties.
- Key Managerial Personnel and connected Related Parties: Each Director and Key Managerial Personnel shall, at the beginning of the financial year, disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto, during the financial year, as immediately as practicable. The Company shall also identify Related Party Transactions, if any, with Directors or Key Managerial Personnel of the holding Company/ies or their relatives.
- The Company will identify the potential transactions with the Related Parties.

5. Review and approval of Related Party Transactions

a. Audit Committee:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee, whether at a meeting or by resolutions by circular. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature and are in the ordinary course of business and satisfy the Arm's Length basis, subject to the compliance of conditions contained in Clause 49 of the Listing Agreement.

Any member of the Audit Committee, who has a potential conflict of interest in any Related Party Transaction, will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

To review a Related Party Transaction, the Audit Committee shall be provided with necessary information with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Agreement.

While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

b. Board of Directors

The Related Party Transactions requiring Board consent, as mandated by the Act, shall be placed before the Board for its approval.

If the Audit Committee determines that any Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter, then the Board shall consider and approve such Related Party Transaction.

Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting, or shall abstain from discussion and voting on the approval of such Related Party Transaction, and shall not be counted in determining the presence of quorum when such Transaction is considered.



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c. Shareholders

All the Material Related Party Transactions shall require prior approval of the shareholders, through special resolution, and the Related Parties shall abstain from voting on such resolutions.

All the Transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution, if so, required under any law and the Related Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

6. Related Party Transactions not previously approved

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be promptly placed before the Audit Committee or Board of Directors or the Shareholders, as may be required in accordance with this Policy, for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

7. Disclosures

Details of any Material Related Party Transaction shall be disclosed to the stock exchange, quarterly, along with the compliance report on corporate governance.

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

8. Amendment in Law

Any subsequent amendment/modification in the Listing Agreement and/or applicable laws in this regard shall automatically apply to this Policy.

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