

## **POLICY ON RELATED PARTY TRANSACTIONS OF THE SOUTH INDIA PAPER MILLS LIMITED**

The Board of Directors ("the Board") of The South India Paper Mills Limited ("the Company") has adopted this Policy and associated procedures with regard to Related Party Transactions (RPT). This has been framed in accordance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchange. This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of RPT, including material transactions.

### **Objective of the Policy**

- (i) This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties, having regard to the potential or actual conflicts of interest that may arise because of entering into these RPTs. Its cardinal objective is compliance with the applicable Laws and Regulations.
- (ii) The provisions of this Policy are designed to govern the approval process and disclosure requirements to achieve transparency in the conduct of RPT in the best interest of the Company and its Shareholders.

Definitions Words and expressions used in this Policy shall have the meanings assigned to them in the Companies Act, 2013, read with relevant Rules thereof, Listing Agreement, Accounting Standards and / or other applicable Regulations.

### **Materiality thresholds**

- (i) Clause 49 of the Listing Agreement requires a Company to provide materiality thresholds beyond which Shareholder approval is required for the RPT.
- (ii) The Company has fixed materiality threshold at ten percent of its turnover as per the last audited financial statements. Transactions with a Related Party individually or taken together in a financial year crossing this ten percent threshold would be considered material.

### **Identification of RPT**

- (i) The Company Secretary will use the disclosures under Section 189(2) of the Companies Act, 2013, engage with the Department Heads and keep constant track of potential RPT for early identification.
- (ii) An employee of the Company who is aware of any transaction that is or may be perceived to be an RPT shall bring the same to the attention of the Company Secretary.

(iii) All Directors and KMPs are responsible for providing notice to the Company Secretary of any potential RPT involving them or their relatives, including any additional information about the transaction that the Audit Committee may require.

### **Terms of the Policy**

#### **(i) Approval of Audit Committee**

All RPTs of the Company as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement will be approved by the Audit Committee of the Board.

#### **(ii) Omnibus Approval**

The Company may obtain omnibus approval from the Audit Committee in respect of RPTs that are repetitive in nature. The Audit Committee will lay down the criteria for granting the omnibus approval in line with the Policy. Such omnibus approval shall be in terms of Clause 49 of the Listing Agreement, as amended from time to time.

#### **(iii) Circular Resolution**

In an unforeseen event where an RPT, not covered by omnibus approval, needs to be entered, due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such RPT by passing a Resolution by Circulation.

#### **(iv) Ratification**

Ratification of an RPT, after its commencement or completion, will be approved by the Audit Committee only in exceptional circumstances and after recording the justification for its decision in writing. While so ratifying, the Audit Committee may impose such conditions or modifications as it deems fit. An RPT entered into without prior approval or not covered by the omnibus approval of Audit Committee shall not be deemed to violate this Policy or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly and reasonably as practicable after being noticed as an RPT.

#### **(v) Board review**

If the Audit Committee determines that a particular RPT should be brought before the Board or if the Board on its own accord elects to review any such matter or it is mandatory under any law for the Board to approve such RPT, then the Board shall consider and approve such RPT. In doing so, the Board may impose such condition or modification as may be necessary or appropriate under the circumstances.

#### **(vi) Shareholder approval**

All material RPTs shall require the approval of Shareholders through Special or Ordinary Resolution, as specified under the Listing Agreement. The concerned Related Party or all the Related Parties as stipulated under the Listing Agreement from time to time shall abstain from voting on such Resolution.

All RPTs in excess of the limits prescribed under the Companies Act, 2013 from time to time that are not in the ordinary course of business or are not at arm's length shall require the prior approval of Shareholders as prescribed and the concerned Related Party shall abstain from voting thereon. For this purpose, the Board shall determine, on the recommendations of Audit Committee, whether or not the transaction is in the ordinary course of business and / or at arm's length. In doing so, the Board at its discretion may seek expert professional opinion and rely on the same.

### **Transactions not requiring approval**

Notwithstanding the foregoing, the following RPTs shall not require the approval of Audit Committee, Board or Shareholders, except where required under specific provisions of the Companies Act:

(i) Transactions pertaining to the appointment and remuneration of Directors and KMPs that are already approved by the Nomination cum Remuneration Committee of the Board and also the reimbursement of reasonable expenses incurred by them in the normal course of business.

(ii) Transactions that have been approved by the Board under specific provisions of the Companies Act, 2013.

(iii) Transactions in which Related Party's interest arises solely from ownership or securities issued by the Company where all security holders, including Related Party, receive benefits on pro-rata basis.

### **General**

(i) The Company, the Audit Committee or the Board shall comply with applicable provisions of the Companies Act, 2013, read with relevant Rules, Circulars / Clarifications thereof, Listing Agreement and Accounting Standards. The approval process, voting rights, disclosures shall all be in strict compliance of extant Rules and Regulations.

(ii) This Policy will be communicated to all operational heads and other concerned employees of the Company.

(iii) This Policy shall be disclosed on the website of the Company and the web link thereto shall be provided in the Annual Report.

(iv) The Board or the Audit Committee may amend the Policy from time to time, as may be required.

(v) Any interpretation, determination or other action taken by the Audit Committee or the Board shall be final and binding on the concerned Related Party.