

# KALPTARU PAPERS LIMITED

## RELATED PARTY TRANSACTION

### POLICY



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## 1. PREFACE

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Kalptaru Papers Limited ("the Company") has always been committed to good corporate governance practices. As a matter of practice, the company follow arm's length basis in transaction business with its related parties which are in ordinary course of business.

The Board of Directors has adopted this policy upon recommendation of the Audit Committee. The said Policy includes materiality thresholds and the manner of dealing with the related party transaction ("the Policy") in compliance with the requirements of Section 188 of the companies Act, 2013 and Rules there under and Clause 49 of the Equity Listing Agreement with the Stock Exchange and amendments from time to time, to the policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the company and its shareholders.

## 2. OBJECTIVE

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The Equity Listing Agreement with the Stock Exchange mandates formulation of a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy has been framed for requirement of the revised Clause 49 of Listing Agreement as amended by Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014.

## 3. DEFINITIONS

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3.1 "**Act**" means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circular or re-enactments thereof.

3.2 "**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. For determining Arm's Length basis, guidance may be taken from the transfer pricing provision under the Income-Tax Act, 1961.



- 3.3 “**Audit Committee**” means committee of board of directors of the company.
- 3.4 “**Board of Director**” or “**Board**” means the Board of Director of the Company.
- 3.5 “**Company**” means Kalptaru Papers Limited.
- 3.6 “**Key Managerial Personnel**” means the Key Managerial Personnel of the Company in term of the Act.
- 3.7 “**Listing Agreement**” means Equity Listing Agreement of the Company with the stock exchange.
- 3.8 “**Material Related Party Transaction**” means a Related Party Transaction Which individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements.
- 3.9 “**Policy**” means the current Policy on Related Party Transaction, including amendments, if any, from time to time.
- 3.10 “**Related Party**” means a related party as defined under the Act read with Clause 49 of Listing Agreement as amended from time to time.
- 3.11 “**Related Party Transaction**” means any transaction between the Company and any Related Party for transfer of resources, Services or obligation, regardless of whether a price is charged.
- 3.12 “**Relative**” means a relative as define under the Act.
- 3.13 “**Transaction**” with a Related Party shall be construed to include single transaction or a group of transaction in a contract.



## 4. POLICY

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All Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Audit Committee based on this Policy.

### 4.1 Identification of Potential Related Party Transactions.

#### 4.1.1 Kalptaru Papers Limited and Group Companies:

All associate Companies and firms of Directors shall be considered as a Related Parties.

#### 4.1.2 Key Managerial Personnel and connected Related Parties :

Each Director and Key Managerial Personnel shall at the beginning of financial year disclose to the Company Secretary of the Company their Related Parties and disclose any change 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 companies or their relatives.

#### 4.1.3 The Company will identify the potential transaction with the Related Parties.

### 4.2 Review and approval of Related Party Transactions

#### 4.2.1 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 circulation. However, the Audit Committee may grant prior omnibus approval for Related Party Transaction which are repetitive in nature and are in ordinary course of business and satisfy the the Arm's Length basis, subject to compliance of condition contained in clause 49 of Listing Agreement.

**Any member of Audit Committees who potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall absent 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 to the extent relevant, with respect to actual or potential Related Party Transaction and/or prescribed under the Act and the Listing Agreement.

While considering any Related Party Transaction, the Audit Committee shall take in to account all relevant facts and circumstances, including the term 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.

## **5. Board of Director**

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If the Audit Committee determines that a Related Party Transaction should be brought before the Board , or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above under paragraph 4.2.1 shall apply to the review and approval of the matter by the Board of Directors, with such modifications as may be necessary or appropriate under the circumstances.

Any member of the Board who has a potential 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.

## **6. Shareholders**

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



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

## **7. RELATED PARTY TRANSACTION NOT PREVIOUSLY APPROVED**

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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 placed as promptly in accordance with this policy for review and ratification.

The Audit Committee or the Board of Director or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all option 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.

## **8. DISCLOSURES**

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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.

## **9. AMENDMENT IN LAW**

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

