

AGARWAL

DUPLEX BOARD MILLS LTD.

Agarwal Duplex Board Mills Ltd.

(CIN: L99999DL1984PLC019052)

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| Document Name | Related Party Transaction Policy |
|----------------------|---|
| Company | Agarwal Duplex Board Mills Ltd. |
| Updated on | w.e.f 1st April, 2022 |

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

The Board of Directors (the "Board") of Agarwal Duplex Board Mills Limited (the "Company") has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee. 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 Related Party Transactions including material transactions

2. OBJECTIVE

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 in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

“Audit Committee or Committee” means the Committee of the Board constituted from time to time under the Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Material modification(s)” means any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/ or shareholders, as the case may be, having significant impact on the nature, value, tenure, exposure, or likely financial impact of such transaction. Provided further that the following shall not be considered as material modification(s):-

- (a) modifications which may be mandated pursuant to any change in law or constitution of parties
- (b) modifications pursuant to and in accordance with the terms of the approved transaction/contract, whether with or without mutual consent of parties, as the case may be.
- (c) Modifications which are purely technical and do not result in substantive change or alteration of rights, interest and obligations of any of the parties

Modifications uniformly affected for similar transactions with unrelated parties The Audit Committee is empowered to define the material modifications from time to time.

(a) **“Material Related Party Transactions”** means:-

- (a) any transaction to be entered into with a Related Party (other than a Wholly Owned Subsidiary), value whereof individually or taken together with previous Related Party Transaction during a financial year, exceed Rs. 1000 Crores or 10 (Ten) percent of the annual consolidated turnover of the Company, whichever is lower, as per the last audited financial statements of the Company or such other threshold as may be laid down from time to time by Applicable Laws;

- (b) a transaction involving payments made to a Related Party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5 (Five) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Words and expressions used but not defined in this Policy shall have the same meaning as respectively assigned to them, in the Companies Act, 2013 and Rules framed thereunder and Listing Regulations, as amended, from time to time."

"Related Party" a means related party as defined under the Companies Act, 2013 read with Regulation 2(1) (zb) of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time.

"Related Party Transaction" means as defined under Regulation 2(1) (zc) of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended, and a transaction with related party as specified in clause (a) to (g) of sub section 1 of Section 188 of Companies Act, 2013.

"Relative" means a relative as defined under Section 2 (77) of Companies Act, 2013 and Regulation 2(1) (zd) of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

"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.

The terms **Director, Chief Financial Officer, Company Secretary,** shall have the same meaning as assigned under the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

4. POLICY

The Audit Committee shall review and approve all Related Party Transactions and subsequent Material Modifications based on this Policy.

All proposed Related Party Transactions and subsequent Material Modifications must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre – approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

The Compliance Officer shall maintain a list of Related Parties as defined in Section 2(76) of the Act, read with the Companies (Specification of Definitions Details) Rules, 2014 and under the applicable accounting standards.

- The Compliance Officer would collate list of related party transactions as follows:
 1. Continuing RPTs as per the disclosure made in Company's financial statements;
 2. Transactions which are likely to be entered into with each related party and estimated value of such transactions before the beginning of each financial year to obtain necessary approvals in accordance with this Policy.
- Each Director and Key Management Personnel shall disclose in Form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all the persons, entities in which he or she is interested, whether directly or indirectly.
- Each director and Key Management Personnel shall provide declaration, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made of:
 1. its relatives
 2. firms in which such Director/ Manager or his relative is a partner
 3. private Companies in which a Director or Manager or his relative is a member or director
 4. public companies in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per in Form MBP-1 containing the following information to the Company Secretary on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director or Key Managerial Personnel of the holding company or their Relatives, and
6. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Regulation 2(1) (zb) of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer / Company Secretary/ shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the

Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee.

4.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including 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.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business

strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

4.2.2 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on a quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

4.2.3 APPROVAL BY THE BOARD

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects 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 at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

4.2.4 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions and subsequent Material Modifications shall require approval of the shareholders through Ordinary resolution and no Related Party shall vote on such resolution.

4.2.5 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'SLENGTH

All Related Party Transactions and subsequent Material Modifications in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through Ordinary resolution and no Related Parties shall vote on such resolution.

4.2.6 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 placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting 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 action as the Committee deems appropriate under the circumstances.

4.3 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction and subsequent Material Modifications entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

5. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Regulations of SEBI (LODR) 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Regulation / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

6. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and website of the Company.

The policy was approved by its board of directors at its Meeting held on 11th April, 2015 and modified on 13th February, 2019, and 14th February, 2022.

**SCHEDULE
LIST OF RELATIVES**

| No. | Relationship | Full Name | Address | Shareholding in Agarwal Duplex Board Mills Limited |
|------------|------------------------------------|------------------|----------------|---|
| 1 | Spouse | | | |
| 2 | Father (including Step-Father) | | | |
| 3 | Son (including Stepson) | | | |
| 4 | Daughter | | | |
| 5 | Daughter's Husband | | | |
| 6 | Brother(Including Step-Brother) | | | |
| 7 | Sister (Including Step-Sister) | | | |
| 8 | Mother(including Step-Mother) | | | |
| 9 | Son's Wife | | | |
| 10 | Members of HUF | | | |