

POLICY ON RELATED PARTY TRANSACTIONS OF
MALU PAPER MILLS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I. SCOPE AND PURPOSE OF THE POLICY

The Board of Directors, hereinafter referred to as “the Board” of Malu Paper Mills Limited has adopted Related Party Transactions Policy, hereinafter referred to as “this Policy” to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval. This Policy also aims to comply with the provisions of Section 188 of the Companies Act 2013 and Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 (SEBI Listing Regulations). This Policy applies to transactions between the Company and one or more of its Related Party(ies) as defined here in below. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

II. POLICY OBJECTIVE

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

III. DEFINITIONS

For the purposes of this policy, the following definitions apply:

- a) **“Act”** means the Companies Act, 2013 and Rules thereunder and includes any amendment thereof.
- b) **“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. This policy shall be applicable to all Related Party Transactions entered into on or after 1st October, 2014.
- c) **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

- d) **Board** means the Board of Directors of Malu Paper Mills Limited;
- e) **“Company”** means Malu Paper Mills Limited.
- f) **Policy** means this Policy on Related Party Transactions.
- g) **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- h) **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 or under the applicable accounting standards and Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof including following.
 - a) All persons or entity belonging to the promoter or promoter group will be regarded as related party, irrespective of its shareholding in the listed entity or
 - b) Any person or entity holding equity shares 10% or more in the listed entity directly or through beneficial interest basis as provided under Section 89 of the Act at any time, during the immediately preceding financial year shall be deemed to be related party.
- i) **Related Party Transaction** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and amendments thereof as means a transaction involving a transfer of resources, services or obligations between:
 - a) a listed entity on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
 - b) a listed entity and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries. 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.

Provided that the following shall not be a related party transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend.
 - ii. subdivision or consolidation of securities.
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- c. retail purchases from the Company by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

- j. “Material modification” will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.
- k. **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous 3 transactions during a financial year, exceeds Rs.1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.”

The transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

- l. **“Key Managerial Personnel” or “KMP”** shall have the meaning as defined in Section 2 (51) of the Act. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

IV. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

V. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:

i) Identification of Related Parties:

Based on declarations / disclosures received from the Directors / KMP, from time to time, the list of Related Parties shall be identified.

ii) Identification of Related Party Transactions:

In the event that a proposed transaction is to be entered into with any of the parties identified as a Related Party in the list of the Related Parties, the proposed transaction shall be considered as a Related Party Transaction.

iii) Procedure for approval of Related Party Transactions:

- a) **Approval of the Audit Committee:** All Related Party Transactions would require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
- The omnibus approval shall specify;
 - (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price, if any, and
 - (iii) such other conditions as the Audit Committee may deem fit.

However, in case of Related Party Transactions, which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided The value of transactions with each related party shall not exceed 10% of the annual consolidated turnover of the Company, as per the last audited financial statements.

- b) **Approval of the Board of Directors:** In terms of the provisions of Section 188 of the Act, all kinds of transactions specified therein and which are not in the ordinary course of business and at arm's length basis, shall be placed before the Board for its approval. Further, if the Audit Committee determines that a particular Related Party Transaction should be brought before the Board, then the Board shall consider and approve the same. The agenda of the Board Meeting at which approval for Related Party Transactions is sought shall disclose the necessary details as required under the Act and the Equity Listing Agreement. Any Director / KMP having potential interest in any Related Party Transaction shall not participate in discussions and voting.
- c) **Approval of the Shareholders of the Company:** Shareholder's approval shall be sought in the following cases:

- i. All the Material Related Party Transactions shall require approval of the shareholders through Special Resolution and the related parties shall abstain from voting on such resolution.
- ii. Clause 5 of Reg 23 of SEBI(LODR) Reg, 2015 provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies if any, whose accounts are consolidated with the Company.
- iii. Transactions, other than the Material Related Party Transaction, with the related parties which are either not in the Ordinary Course of Business or not on an arm's length basis, under provisions of Section 188 of the Companies Act, 2013 shall also requires the prior approval of the Shareholders and the Related Parties shall abstain from voting on such resolution.

iv) Related Party Transactions that shall not require Approval:

Following transactions shall not require separate approval under this policy:

- a) Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- b) Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- c) Payment of Dividend;
- d) Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

v) Disclosure(s)

Details of all Material Related Parties Transactions shall be disclosed, on half yearly basis to the Stock Exchanges.

The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party

Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

Provided further that the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is a part of promoter or promoter group, shall not require disclosure under this sub regulation provided that the same is not material.

vi) 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 but not limiting to ratification, revision or termination of such Related Party Transaction.

vii) Amendments to the policy

This policy shall be reviewed by the board of directors at least once every three years and updated accordingly. The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

viii) Compliance Responsibility

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard. vii.

ix) Disclosure Requirements:

Details of all Related Party Transactions meeting the materiality threshold as given in the Policy shall be disclosed on a quarterly basis along with the compliance report on corporate governance to the stock exchanges.

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

x) DISSEMINATION OF POLICY:

This Policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net of the Company.

xi) VIOLATION:

Violation of the Policy/Provisions in any manner shall be dealt with in accordance with provisions of law and Company's prescribed rules if any.

PUNAMCHAND MALU
MANAGING DIRECTOR & CEO

The policy on Related party transactions has been amended in accordance with The Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Amendment) Regulations, 2018.

Policy last amended on: 28/05/2022

Amended on: 23/05/2025