Ballarpur Industries Limited

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors ("Board") of Ballarpur Industries Limited (the "Company") has adopted the following policy with regard to related party transactions ("RPT") pursuant to the provisions of Section 177, 188 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules framed thereunder as amended from time to time and the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") as amended from time to time and any other laws and regulations as may be applicable to the Company.

2. Objective

The objective of this policy is to set out the materiality thresholds for related party transactions (RPTs), the manner of dealing with the RPTs based on the Act, SEBI LODR and any other laws and regulations that may be applicable. This forms guidelines for identification of related parties and proper conduct and documentation for all RPTs.

3. Definitions

3.1 "Act" shall mean the Companies Act, 2013 read with the rules framed thereunder and each as amended from time to time;

3.2 "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. For determination of Arm's Length basis, guidance may be taken from the provisions of 'Transfer Pricing' under Income Tax Act, 1961;

3.3 "Audit Committee" shall mean the Audit Committee constituted by the Board of the Company from time to time, in accordance with the provisions of the Act and SEBI LODR;

3.4 "Board" shall mean the collective body of the directors of the Company constituted from time to time in line with the provisions of section 2 (10) the Act and SEBI LODR;

3.5 **"Company"** means Ballarpur Industries Limited;

3.6 **"Key Managerial Personnel"** shall mean key managerial personnel as defined under Section 2(51) of the Companies Act, 2013;

3.7 **"Related Party"** with reference to the Company, shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of SEBI LODR each as may be amended from time to time;

3.8 **"Related Party Transaction"** or **"RPT"** means such transactions as specified under Section 188 of the Act or rules made thereunder and Regulation 2(1)(zc) of the SEBI LODR, including any amendments or notification thereof as may be applicable;

3.9 **"Relative"** means relative as defined under section 2 (77) of the Act and rules prescribed thereunder and Regulation 2(1)(zd) of the SEBI LODR each as amended from time to time;

3.10 **"Material Modification"** of related party transaction shall mean and include any subsequent change 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;

3.11 **"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 the Memorandum and Articles of Association;

3.12 **"SEBI LODR"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time and any circulars, notifications or clarifications issued thereunder from time to time by the Securities and Exchange Board of India.

3.13 **"Industry Standards"** shall mean the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated February 14, 2025.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

4. Materiality Thresholds

A Related Party Transaction shall be considered material in terms of the provisions of materiality for RPTs as set out under Regulation 23(1) of the SEBI LODR, as amended from time to time and the provisions of the Act or rules framed thereunder, each as amended and

applicable to the Company from time to time.

Further, in terms of the Regulation 23(1) of the SEBI LODR (as amended) RPT shall be considered material-

- if the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceeds Rupees 1000 crore (one thousand crore) or 10% (ten percent) of the annual consolidated turnover of the Company as per last audited financial statements of the Company whichever is lower;

- if a 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 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. Manner of dealing with Related Party Transactions

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy read together with Regulation 23 of SEBI LODR, Section 188 of the Act and rules framed thereunder (each as amended) and any other provisions of applicable law:

- **Identification of Related Parties:**

  Each Director and key managerial personnel is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Director and Key Managerial Personnel shall send notice of any potential Related Party Transaction.

  The Company will keep list of Related Parties in appropriate computer system. Audit Committee may determine the procedure to be followed for declaration as well as compilation and circulation of the comprehensive list of Related Parties and the Company Secretary ("CS") or the Chief Financial Officer ("CFO") of the Company are authorised to identify and intimate the name of a Related Party to the Board/ Audit Committee.

- **Identification of Related Party Transactions:**

  The CS or the CFO or the Managing Director of the Company based on the list of identified Related Parties as mentioned above, in accordance with Section 177 and 188 of the Act and Regulation 23 of SEBI LODR will determine whether a transaction

constitute a Related Party Transaction requiring compliance with this policy. The CFO shall contact and discuss with the concerned department / executive of the Company entering into a transaction where such transaction is entered with the Related Party based on the list of the Related Party mentioned above and shall determine if such transaction is a Related Party Transactions. The CFO in discussion with the concerned department entering into a Related Party Transaction shall establish –

- whether the transaction is at arm's length?
- whether the transaction is in the ordinary course of business or whether the transaction is material?

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee, Board & Shareholders (as require) seeking approval:

a. Material Related Party Transactions

b. Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.

c. Residual Related Party Transactions.

- **Procedure for approval of Related Party Transactions by the Audit Committee:**

  - All the RPTs and any subsequent Material Modifications shall require prior approval of the Audit Committee.
  - Any member of the Audit Committee who has an interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.
  - In case of a transaction, other than transactions referred to in Section 188 of the Act, it shall make its recommendations to the Board.
  - Only those members of the Audit Committee, who are independent directors, shall approve the RPTs.
  - The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

- **Omnibus approval of the Audit Committee:**

  The Company may obtain omnibus approval from the Audit Committee for RPTs. Such omnibus approval shall be valid for a period of one year and shall require fresh

approvals after the expiry of one year. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 25% of the annual consolidated turnover of the Company as per last its audited financial statements and maximum value per transaction.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval:

- Repetitiveness of the transactions (in past or in future);
- Justification for the need of omnibus approval

The omnibus approval shall provide details of (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- Transactions which are not at arm's length or not in the ordinary course of business;
- Transactions which are not repetitive in nature;
- Transactions exceeding materiality thresholds as laid down in this Policy;
- Transactions in respect of selling or disposing of the undertaking of the Company;
- Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
- Any other transaction the Audit Committee may deem not fit for omnibus approval.

- **Approval of the Board of Directors:**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a resolution passed at a meeting of the Board. The

Company may fit consider necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether a RPT is in ordinary course of business or at arm's length.

In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

- Transactions which may be in ordinary course of business and at arm's length basis but which are as per the policy determined by the Board from time to time (i.e. value threshold or other parameters) require Board approval in addition to Audit committee approval.

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in ordinary course of business or are at arm's length basis and decides to refer the same to the Board for approval.

- Transactions which are in the ordinary course of business and at arm's length basis but which in Audit Committee's view requires Board approval.

- Transactions exceeding the materiality thresholds laid down in this policy, which are intended to be placed before the shareholders for approval.

- **Approval of the shareholders:**

  All material Related Party Transactions and subsequent Material Modifications as recommended by the Audit Committee shall require prior approval of the shareholders through resolution. In addition, all kinds of transactions which are not in the Ordinary Course of Business or are not at Arm's Length and exceed the materiality thresholds, as defined above and under the Act shall require prior approval of the shareholders. For this purpose, no Related Party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

- **Transactions with wholly owned subsidiary Companies:**

  Prior approval of the Board of Directors will not be required in case of transactions entered into between the Company and its wholly owned subsidiary company whose accounts are consolidated with the accounts of the Company and are placed before the shareholders of the Company at general meeting for approval, however the approval of the Audit Committee will be required for the transactions with the wholly owned subsidiary.

- **Transactions of the subsidiary Companies:**

  An RPT to which the subsidiary of our Company is a party but the Company itself is not the party, such a transaction shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.

  Effective from April 1, 2023, an RPT to which the subsidiary of our Company is a party but the Company itself is not a party, such a transaction shall require prior approval of the Audit Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the subsidiary Company.

  Exceptions

  - Prior approval of the Audit Committee of the Company shall not be required for a RPT to which a listed subsidiary of our Company is a party but our Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI LODR are applicable to such listed subsidiary, further, in case of RPT of the unlisted subsidiaries of a listed subsidiary, prior approval of the audit committee of the listed subsidiary of the Company shall suffice, if Regulation 23 and Regulation 15(2) of SEBI LODR are applicable to such listed subsidiary.

  - Prior approval of the shareholders of the Company will not be required for a RPT to which the listed subsidiary is a party but our Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI LODR are applicable to such listed subsidiary.

- **Exclusions:**

  Notwithstanding the foregoing, the following RPTs shall not require approval of the Audit Committee or the Board or shareholders of the Company:

  - Any transaction that involves the providing of compensation to a director or key managerial personnel of the Company in relation with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

  - Any transaction in which the Related Party's interest arises solely from ownership of the securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

6. **Related Party Transactions without Approval**

- **Review/ratification by Audit Committee:**

  - In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this policy prior to its consummation, the matter shall be reviewed by the Audit Committee with a period of three months from the date of the transaction.

  - The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company including ratification, revision or termination of the RPT.

  - The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting of such RPT to the Audit Committee under this policy and shall give directions or take any such actions it deems appropriate.

  - In the case where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee as appropriate may direct additional actions including but not limited to immediate discontinuation or rescission of the transaction. In connection with any review of a RPT, the Audit Committee has the authority to modify or waive any procedural requirements of this policy.

- **Ratification by the Board:**

  In case any RPT is entered into by a director or any other employee of the Company without obtaining the consent of the Board or approval by a resolution by the Company and if it is not ratified by the board or as the case may be by the shareholders at a meeting within three months from the date on which such transaction was entered into, such transaction shall be voidable at the option of the Board and if the contract or arrangement is with the Related Party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against any losses incurred by it.

7. **Material Subsidiary Companies**

A subsidiary shall be considered as material if the income or the net worth of the subsidiary exceeds 10% (ten percent) of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

For the purpose of compliance with Regulation 24 of the SEBI LODR – the material subsidiary shall mean a subsidiary, whose income or net worth exceeds 20% (twenty

percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. The Company shall not dispose of shares in its material subsidiary as defined in this para, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty percent) or cease exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestments is made under a scheme of arrangement duly approved by a court /tribunal or under as resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved. Selling disposing and leasing of assets amounting to more than 20% (twenty percent) of the assets of the material subsidiary as defined in this para, on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/ disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

8. Limitation

In the event of any conflict between the provisions of this policy and of the Act or SEBI LODR or any other statutory enactments, rules, the provisions of the Act, SEBI LODR or statutory enactments, rules shall prevail over this policy.

9. Disclosures

RPTs and this policy shall be disclosed as per the requirements of the applicable law including provisions of the Act read with relevant rules made thereunder and as per SEBI LODR. This policy shall also be uploaded on the website of the Company.

10. Amendments and Reviews

The Board shall review the policy once in every three years and may amend this policy from time to time after taking recommendations from the Audit Committee into account.

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