



**Balkrishna
Paper Mills Ltd.**

BALKRISHNA PAPER MILLS LIMITED

**POLICY ON MATERIALITY OF RELATED
PARTY TRANSACTIONS
AND DEALING WITH RELATED PARTY
TRANSACTIONS**

Registered Office:

A/7, Trade World, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai, India - 400 013

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS.

I. Introduction

Balkrishna Paper Mills Limited (the "Company") recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests. The Board of Directors of Company has adopted following Policy with regard to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (the "Listing Regulations") and Companies Act, 2013 (the "Act") amended from time to time.

II. Scope and Inclusion

This policy sets definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

III. Terms and References

1. Related Party

Related Party means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards as amended from time to time. Provided that: (a) any person or entity forming a part of the promoter or promoter group of the Company; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

2. Related Party Transaction

"Related Party Transaction" means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

3. Related Party Transaction(s) of the Company

Related Party Transaction(s) where the Company is a party to the transaction(s) /contract(s) / arrangement(s) with a related party.

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4. Related Party Transaction(s) of the Subsidiary

Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party but the Company is not a party.

5. Materiality of Related Party Transaction(s)

- Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts /arrangements exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations.
- A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction 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 Company as per the last audited financial statement of the Company.

6. Material Modifications

Material Modifications of Related Party Transaction in relation to the Company means 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.

7. Subsidiary

“Subsidiary” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 ('Act').

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder

IV. Policy

- All related party contracts / arrangements shall be entered on arms' length basis.
- In exceptional circumstances, where permitted by law, related party contracts /arrangements may deviate from the principle of arm's length, after approval from Audit Committee, Board or Shareholders, if applicable.
- All related party contract / arrangements shall comply with the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, as amended from time to time.
- All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under applicable provision of Income Tax Act, 1961, as

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amended from time to time including certification from independent accountants under the Transfer Pricing Regulations.

- All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under applicable provision of Income Tax Act, 1961, as amended from time to time including certification from independent accountants under the Transfer Pricing Regulations.
- All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as case may be, as per applicable provisions of Act and Listing Regulations, as amended from time to time. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of applicable provisions of Act and of Listing Regulations as amended from time to time.

V. Amendment

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

VI. Review

This Policy will be reviewed as and when required but atleast once in three years.

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