



RELATED PARTY TRANSACTION POLICY

1. SCOPE AND PURPOSE OF THIS POLICY

- A. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 read with the Rules framed there under and Clause 49 of the Listing Agreement, Emmbi Industries Limited has formulated guidelines for identification of related parties.
- B. Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on manner of dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties (as defined below). Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders.
- C. The Board of Directors has adopted this policy upon recommendation of the Audit Committee. The Audit Committee will review the Policy periodically and may amend the same from time to time and propose the same to the Board for approval.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (i) the materiality thresholds for related party transactions and; (ii) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company; (iii) 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.

3. DEFINITIONS

- 3.1 “Act” means Companies Act, 2013 and the Rules framed thereunder, including any amendment, modifications, clarifications, circulars 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.
- 3.3 “Audit Committee” means Audit Committee constituted by the Board of Directors of the Company in accordance with the provisions of Listing agreement and Companies Act, 2013.
- 3.4 “Board of Directors” or “Board” means the Board of Directors of the Company.

- 3.5 “Company” means Emmbi Industries Limited.
- 3.6 “Key Managerial Personnel” means the Key managerial Personnel of the Company in terms 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 of the company.
- 3.9 “Ordinary Course of Business” means a transaction which is:
- Carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MOA) of the Company as amended from time to time, or
 - Historical practice with a pattern of frequency, or
 - Common commercial practice, or
 - Meets any other parameters/ criteria as decided by the Board/Audit Committee.
- 3.10 “Policy” means the current policy on Related Party Transactions, including amendments, if any from time to time.
- 3.11 “Related Party” means a related party as defined under the Act read with Clause 49 of the Listing Agreement and as amended from time to time.
- 3.12 “Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.
- 3.13 “Relative” means a Relative as defined under the Act.
- 3.14 “Transaction” shall be construed to include single transaction or a group of transactions in a contract.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

A. Audit Committee

1. All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
2. Any member of the Committee who has a potential interest in any related party transaction will rescue him or herself and abstain from discussion and voting on the approval of the related party transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm’s length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.
3. The Audit Committee may grant omnibus approval for related party transactions that a) are repetitive in nature; b) entered in the ordinary course of business and are at Arm’s Length and subject to such criteria/conditions as mentioned under clause 49 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid

for a period not exceeding one year and shall require fresh approval after the expiry of one year. The omnibus approval shall provide details of (i) the name/s of the related party, nature of the transaction, period of transaction, the maximum amount of transaction that can be entered into, the manner of determining the pricing, (ii) the indicative base price/current contracted price and the formula for variation in value, if any, the business rationale for entering into such transaction and (iii) such other conditions as the Audit Committee may deem fit. Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval for such transactions subject to their

4. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.
5. In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company. Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only. A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

B. Board of Directors

1. In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (a) not in the ordinary course of business, or (b) not at an arm's length price, the Board will consider such factors as, (i) the name/s of the related party, nature of the transaction, period of transaction, the maximum amount of transaction that can be entered into, the manner of determining the pricing, (ii) the indicative base price/current contracted price and the formula for variation in value, if any, the business rationale for entering into such transaction and (iii) such other conditions as the Board may deem fit. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue him or herself and abstain from discussion and voting on the approval of the related party transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

C. Shareholders

1. If a related party transaction is (i) a material transaction as per clause 49 of the listing agreement, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction. Clause 49 provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

5. DISCLOSURES

Details of all Material Related Parties Transactions shall be disclosed, on quarterly basis, along with the compliance report on corporate governance, to the Stock Exchanges. The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide web link in the Annual Report. Every transaction, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such transaction.

6. 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) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection 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.
- c) 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;
- d) Payment of Dividend;
- e) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Equity Listing Agreement;
- f) 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.

7. 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 Audit Committee or the Board of Directors or the Shareholders as the case may be required in accordance with this policy for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of 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 actions as the Audit Committee deems appropriate under the circumstances.

8. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.