



emami* limited

**POLICY FOR
TRANSACTIONS WITH
RELATED PARTIES**

Version 3



POLICY FOR TRANSACTIONS WITH RELATED PARTIES

1. Objective

The Board of Directors (the “Board”) of Emami Limited (the “Company” or “Emami”), has adopted this Policy on Related Party Transactions as required.

This Policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

The Policy on Related Party Transactions may be amended at any time and is subject to any further change in the Listing Agreement or the Companies Act, 2013 (the Act) or rules/regulations made thereunder.

2. Definitions

“**Act**” means the Companies Act, 2013.

“**Accounting Standards**” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

“**Audit Committee (Committee)**” means Committee of Board of Directors of the Company constituted under provisions of the Listing agreement as well as the Companies Act, 2013.

“**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“**Arms 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.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” or “**KMP**” means key managerial personnel as defined under the Companies Act, 2013.



“Material Related Party Transaction” shall mean the following Transactions with a Related Party:

Nature of Transactions	Limit for qualifying as Material Related Party Transaction
1. Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the company
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	Amounting to 10% or more of the net worth of the company
3. Leasing of property of any kind.	Amounting to 10% or more of the turnover of the company
4. Availing or rendering of any services, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the company
5. Appointment of any related party to any office or place of profit in the Company, its subsidiary company or associate Company.	Monthly remuneration exceeding two and half lakh rupees This clause shall be applicable only if the party is a related party as defined in Section 2(76) of Companies Act, 2013.
6. Underwriting the subscription of any securities or derivatives thereof, of the Company.	Remuneration exceeding 1% of net worth
7. Transaction involving payments made to a related party with respect to brand usage or royalty.	Exceeding 5% of the annual consolidated turnover of the Company
8. Any related party transaction including the transactions mentioned in point 1 to 6 above, resulting in transfer of resources, obligations or services.	Exceeding rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company, whichever is lower

Note:

- the limits specified in points (1) to (4), point (6) to (8) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- the turnover or net worth referred in the above points shall be computed on the basis of the audited financial statement of the preceding financial year.
- transaction with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

“Material Modifications” shall mean and include any modification to an existing related party transaction having variance of 10% or more of the existing limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be or such modifications which would make the transaction less favorable to the Company.

“Policy” means this Policy on Related Party Transactions.



“Related Party” means a related party as defined under the Companies Act, 2013 or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

“Related Party Transaction” shall mean such transactions as specified under Section 188 of the Companies Act, 2013 or Rules made thereunder and Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment or modification thereof, as may be applicable

“Relative” means relative as defined under section 2(76) of the Companies Act, 2013.

“Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or reenactments thereof for the time being in force (hereinafter referred to as “SEBI LODR Regulations”).

3. Policy

All Related Party Transactions must be identified and reported to the Audit Committee and also to Board of Directors and shareholders, wherever necessary, for their approval. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the listing agreement.

4.1 Identification of Potential Related Party transactions

Each director and Key Managerial Personnel is responsible for providing notice of disclosure of interest under section 184 and 189 of the Companies Act 2013 along with list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP or any other related party without necessary approvals.

4.2 Procedure to be adopted for Related Party Transactions

APPROVAL OF AUDIT COMMITTEE

All Related Party Transactions and subsequent modifications thereon shall require prior approval of the Audit Committee .

Only those members of the audit committee, who are independent directors, shall



approve related party transactions.

Prior approval of the Audit Committee shall also be required for the following Related Party Transactions:

(a) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;

(b) with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

In case any member of the Committee is interested in the transaction proposed for approval, the interested member shall abstain from voting and only the dis-interested members shall vote on the resolution.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to 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;

Such 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;



The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- i. Type, material terms and particulars of the proposed transaction;
- ii Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure shall be specified);
- iv. Value of the proposed transaction;
- v. The percentage of the company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the company or its subsidiary:
 - a) details of the source of funds in connection with the proposed transaction;
 - b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments;
 - nature of indebtedness;
 - cost of funds; and
 - tenure;



- c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- vii. Justification as to why the RPT is in the interest of the listed entity;
- viii. A copy of the valuation or other external party report, if any such report has been relied upon;
- ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- x. Any other information that may be relevant.

APPROVAL OF BOARD OF DIRECTORS

All the Related Party Transactions under section 188 of the Companies Act 2013 shall be approved by the Board of Directors of the Company, Except :

- i) transactions entered into by the company are in its ordinary course of business; and transactions are at an arm's length basis.
- ii) All Material Related Party Transactions as defined above shall be approved by the Board of Directors of the Company.

APPROVAL OF SHAREHOLDERS

All material related party transactions and any subsequent modifications shall require prior approval of the Shareholders and no related party shall vote to approve such resolutions whether the entity is a related party to such transaction or not.

Information to be provided to shareholders for consideration of RPTs:

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee;
- b. Justification for why the proposed transaction is in the interest of the listed entity;



c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)

d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered e-mail address of the shareholders;

e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;

f. Any other information that may be relevant.

4.3 Factors to be considered while granting approval to Related Party Transactions

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

Whether the Related Party Transaction would affect the independence of an independent director;

Whether the transaction qualifies to be a transaction in ordinary course of business and at arms length;

Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the terms



and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

4.4 Review & monitoring of Related Party Transactions:

The Audit Committee may review and monitor a Related Party Transaction taking into account 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. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

4.5 Following transactions not to be considered as Related Party Transactions:

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Board of Directors or Shareholders:

- i) 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;
- ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;
- iii) 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;
- iv) The following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:



- payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.
- v) Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/ Companies Act, 2013;
- vi) Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or Reimbursement received for expenses incurred by the Company on behalf of a Related Party;
- vii) Reimbursement of pre-incorporation expenses incurred by or on behalf of a Related Party;
- viii) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee;
- ix) Transactions entered into between two wholly-owned subsidiaries of the company whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

5. 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 ratification by it or recommend the Board for their ratification or seeking approval of Shareholders, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.



6. Existing Related Party Transactions:

This policy shall operate prospectively and all the agreements which have been entered before the effective date of this policy and are in accordance with the prevailing laws shall be valid and effective. However, any agreement for material transactions which has been already approved and continued to be operational beyond March 2015, procedure as mentioned above has to be followed.

This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company and the definition / provisions of the policy herein shall be deemed to have been amended to the extent of any alterations in laws/ statutes by virtue of an amendment.

7. Disclosures

Related Party Transactions shall be disclosed in the Annual Report as prescribed under the Companies Act, 2013 and the Listing Regulations.

The Company shall disclose to the Stock Exchange(s) on quarterly basis the details of all material related party transactions along with the compliance report on Corporate Governance.

The Company shall submit to the Stock Exchanges disclosure of Related Party Transactions in the format as specified by the SEBI from time to time and also publish the same on its website.

The Company and its subsidiaries shall in 'Corporate Governance Report' disclose Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount. The Related Party Transactions Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

Such other disclosures as may be prescribed under applicable laws and regulations.

8. General

- i) The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy at least once in three years for making suitable amendments for better implementation of the Policy.
- ii) The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.