

	EMAMI CEMENT LIMITED	Doc. Name - Policy on Materiality of and dealing with Related Party Transactions
		Doc. Version - 1
		Implementation Date – 9th August, 2018

Objective

The Board of Directors (the “**Board**”) of Emami Cement Limited (the “**Company**” or “**ECL**”), has adopted this Policy on Materiality of and Dealing with Related Party Transactions as required in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

This Policy shall regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to 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 applicable law.

1. Definitions

1.1 “**Audit Committee (Committee)**” means a Committee of the Board of Directors of the Company in accordance with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013;

1.2 “**Board**” means Board of Directors of the Company;

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

1.4 “**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013;

1.5 “**Material Related Party Transaction under Companies Act 2013**” means a transaction as defined under section 188(1) of the Companies Act, 2013 with a related party defined under section 2(76) of the said Act where the aggregate value of the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the said Act from time to time;

1.6 “**Material Related Party Transaction under Listing Regulations**” means a transaction with a related party as defined hereunder and value of such transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial

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statements of the company. Further, transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

1.7 “**Policy**” means this Policy on Related Party Transactions;

1.8 “**Related Party**” shall mean a related party to the Company if:

(i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or

(ii) such entity is a related party under the applicable accounting standards."

1.9 “**Related Party Transaction**” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and includes the following transactions, either single or a group of transactions in a contract:

a. Sale, purchases or supply of any goods or materials;

b. Selling or otherwise disposing of, or buying, property of any kind;

c. Leasing of property of any kind;

d. Availing or rendering of any services

e. Appointment of any agent for purchases or sale of goods, materials, services or property;

f. Such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company;

g. Underwriting the subscription of any securities or derivatives thereof, of the company

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

1.11 “**SEBI**” means Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

1.12 “**LODR**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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2. Policy

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

2.1 Identification of Potential Related Party transactions: Each director and Key Managerial Personnel is responsible for providing notice of disclosure of interest under section 184 of the Companies Act 2013 alongwith 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.

2.2 Procedure to be adopted for Related Party Transactions

APPROVAL OF AUDIT COMMITTEE

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the conditions as may be prescribed from to time. The omnibus approval shall specify:

Sr. No.	Particulars
1.	The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into
2.	The indicative base price / current contracted price and the formula for variation in the price if any 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 value not exceeding rupees Five crore per transaction.

Provided that transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed

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before the shareholders at the general meeting for approval, shall not require approval from the Audit Committee.

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, however this provision will not apply to the transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.

All the Material Related Party Transactions as per Listing Regulations (except transactions with wholly owned subsidiaries whose accounts are consolidated with the Company) shall be approved by the Board of Directors of the Company.

APPROVAL OF SHAREHOLDERS

All the material related party transactions, except transactions entered with wholly-owned subsidiary company, shall be approved by the Shareholders through a special resolution and all entities falling under the definition of “related parties” with respect to the proposed arrangement/ contract shall abstain from voting.

2.3 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 arms' 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;

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- 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 any other factors the Board/Committee deems relevant.

2.4 Review & monitoring of Related Party Transactions:

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

To review a RPT, the Audit Committee shall be provided with all relevant material information of the RPT including 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 information/material.

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 review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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2.5 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 Shareholders:

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.


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.

3. 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.

4. 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 then prevailing laws shall be valid and effective till the expiry of original terms of such agreements/contracts. However, the provisions of the related party transactions under this policy shall be complied with in case any modification is being made in the terms of the existing contracts or agreements.

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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.