

SHREE AJIT PULP AND PAPER LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

DEFINITIONS

A '**related party**' is a person or entity that is related to the company. Parties / Entities are considered to be related if an entity shall be considered as related 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.

Materiality of Related Party Transactions means a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company or such sum as may be prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and as amended from time to time.

PROCEDURES

1. All Related Party Transactions (RPTs) of the company as prescribed under the Companies Act, Listing Regulations and applicable Accounting Standards, as amended from time to time will be approved by the audit committee of the Board from time to time.
2. Each Director who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Committee concerning such Related Party Transaction and his or her interest in such transaction.
3. Management shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
 - a) A general description of the transaction(s), including the name of the related party and nature of relationship, duration of the contract and particulars of the contract or arrangement, maximum amount of transaction that can be entered into, the material terms and conditions.
 - b) The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
 - c) The manner of determining the pricing and other commercial terms, the indicative base price / current contracted price and the formula for variation in the price, if any.
 - d) any advance paid or received for the contract or arrangement, if any and the approximate value of the transaction(s) and the approximate value of the Related Party's interest in the transaction(s).
 - e) In the case of a lease or other transaction providing for periodic payments or instalments, the aggregate amount of all periodic payments or instalments expected to be made in the financial year.

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f) In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.

g) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors and any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

4. Consent of the Board and the Shareholders would also be taken in respect of all RPTs, provided that such consent would not be required in the following cases:

a. The transactions are entered into by the company in its ordinary course of business and are on an arms' length basis; and

b. The transaction / transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

5. Where Board consent / shareholders' approval is required as per para 4 above, a) the agenda of the Board meeting at which the resolution is proposed to be moved and b) explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

6. Where RPTs require approval of the Board and the shareholders through special resolution as per para 4 above, (a) any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement and (b) such Related Party(ies) shall abstain from voting on such resolutions of the shareholders.

7. The audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPT of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.

8. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company.

9. The audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

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

11. If a Related Party Transaction will be ongoing/ proposed to be entered into by the company, the Committee may grant omnibus approval for ongoing dealings/proposed related party transactions. 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.

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If 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 one crore per transaction. The Audit Committee shall lay down the criteria /guidelines for granting the omnibus approval in line with the Policy on Related Party Transactions of the company. Such approval shall be applicable in respect of transactions which are repetitive in nature and only for one year.

12. The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

13. This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made there under, as may be in force for the time being as well as read with Listing Regulations or such other Rules / Regulations, as may be notified by SEBI from time to time.

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.

(This Policy was reviewed and modified by the Board of Directors at its Meeting held on February 11, 2022.)