

RELATED PARTY TRANSACTIONS POLICY Of RUCHIRA PAPERS LIMITED

(Adopted by the Board of Directors on 14.11.2014)

BACKGROUND AND PURPOSE

The Companies Act, 2013 provides for a major overhaul in the Corporate Governance norms for all companies. Keeping in line with the statutory requirements introduced u/s 188 of the Companies Act, 2013 on the subject of Related Party Transactions, the shareholders of the Company vide Special Resolution dated 25th September 2014 approved annual limits for certain Related Party Transactions of the Company.

Further, the Securities and Exchange Board of India ("SEBI") with the objectives to align provisions of the Companies Act, 2013, to adopt best practices on corporate governance and to make the corporate governance framework more effective, has, vide its circular(s) dated 17th April, 2014 and 15th September, 2014, revised Clause 49 of the Listing Agreement. The provisions of the revised clause, *inter alia*, require formulation of a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

In order to adhere to the above requirement and ensure proper approval and reporting of transactions between the Company and its Related Parties, the Board hereby adopts the following Related Party Transactions Policy.

DEFINITIONS

For the purpose of this Policy, the following definitions shall apply:

"Act" means the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force).

"Related Party" means an individual, entity, firm, body corporate or person as defined under Section 2(76) of the Act and Clause 49 of the Listing Agreement as may be amended from time to time.

"Relative" in relation to an Individual, means persons as defined under section 2(77) of the Act and Rules made there under.

"Related Party Transaction" as defined under clause 49 means a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

The term shall have the meaning ascribed to it under clause 49 as may be amended from time to time or relevant provisions of the Act.

"Material Related Party Transaction" – As per Clause 49, 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, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

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The term shall have the meaning ascribed to it under clause 49 as may be amended from time to time or relevant provisions of the Act.

"Key Management Personnel" shall mean the personnel as defined under section 2(51) of the Act and Rules made thereunder.

"Subsidiary" means a Company as defined under section 2(87) of the Act.

"Associate" means a Company as defined under section 2(6) of the Act.

RELATED PARTY TRANSACTIONS – APPROVAL MECHANISM

As per the Companies Act, 2013, any transaction entered into by the Company with a related party which is in its ordinary course of business and which is on an arm's length basis does not require any approval from the Audit Committee, Board of Directors or the Shareholders.

Instances of such transactions which the Company normally undertakes on an arm's length basis in conducting its business operations and activities cover transactions such as sale or purchase of finished goods, work in progress, raw material, reimbursement of expenses etc.

As per Clause 49 of the Listing Agreement, all Related Party Transactions require prior approval of the Audit Committee.

The Shareholders of the Company vide Special Resolution dated 25th September 2014, have already sanctioned annual limits for the current financial year and beyond for certain foreseeable related party transactions. These are placed before the Audit Committee and before the Board of Directors every quarter for review.

In case of a Related Party Transaction which cannot be foreseen, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Further, the following type of related party transactions shall require approval of the shareholders through special resolution:

(A) All "material" Related Party Transactions.

(B) All such Related Party Transactions which are not in the ordinary course of business and which exceed the permissible limits as given under Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014.

PRE-APPROVED / RATIFIED TRANSACTIONS

In terms of this Policy, the Related Party Transactions listed below shall be deemed to be Pre-Approved or Ratified Transactions and are not subject to further review and approval or

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ratification of the Board of Directors or the Audit Committee:

Transactions approved by Special Resolution of the Shareholders

All transactions covered by the Special Resolution dated 25th September 2014 specifying annual limits for certain Related Party Transactions of the Company.

Directors Compensation

Any transaction that involves the providing of compensation to Directors in connection with his or her duties to the Company or any of its subsidiaries or affiliates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

Transactions entered into between a holding company and its wholly owned subsidiary

whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Transactions involving Competitive Bids

Any transaction involving Related Party where rates and charges are determined by Competitive Bids.

Regulated Transactions

Transactions expressly approved/ sanctioned by relevant authority/ government in terms of governing statutes/ laws.

Charitable Contributions by the Company

Company spend pursuant to 135 of the Act and Rules framed thereunder on Corporate Social Responsibility initiatives/ programs/ activities, charitable activities by way of contribution, donation etc. to charitable organizations, foundations, society or university in which a Related Party is a trustee, director, or employee etc.

Transactions where all shareholders receive proportional benefits

Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g. dividends).

Transactions which are similar for All Employees

Transactions, arrangements or relationships that are generally available on the same terms to all employees (other than employees who may be excluded due to foreign regulatory or similar reasons).

Transactions on Uniform Terms & Conditions

Transactions, arrangements or relationships with a Related Party in the ordinary course of business on the same terms and conditions as are available to an unrelated party.

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DISCLOSURE OF INTEREST BY DIRECTORS/ KMPs

Every Director and KMP shall, in adherence of the provisions of Companies Act, 2014 and Clause 49 in this regard, furnish necessary disclosures (annually and whenever there is a change) about his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in the manner prescribed.

Further, it shall be the duty of members of the Board and KMP to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.

Every Director should forthwith bring to the attention of Board any related party transaction that he or she anticipates/ foresees in order to ensure adherence to applicable compliance norms, obtaining necessary approval in that regard.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

In determining whether to approve a Related Party Transaction, the Audit Committee shall consider such factors as it deems appropriate, including without limitation:

- (i) the business reasons for the Company to enter into the Related Party Transaction;
- (ii) the commercial reasonableness of the terms of the Related Party Transaction;
- (iii) the materiality of the Related Party Transaction to the Company;
- (iv) whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
- (v) the extent of the Related Party's interest in the Related Party Transaction;
- (vi) if applicable, the impact of the Related Party Transaction on a director's independence; and
- (vii) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

The Committee may at its discretion determine that the factors as considered by the board in approving any related party transaction are adhered and seek an independent valuation or adopt any other checks and balances to ensure conformity with them.

Any member of the Audit Committee/ Board who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so required by the Chairman, participate in some or all of the discussions of the Related Party Transaction. Upon completion of its review of the transaction, the Board may determine to permit or to prohibit a Related Party Transaction.

QUARTERLY STATEMENT ON RELATED PARTY TRANSACTIONS

Related Party Transactions will be brought to management's and the Board's attention on a periodical basis with intimation from Finance and Accounts department. The same shall be

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consolidated by the Company Secretary in form of a Statement of Related Party Transactions and presented to the Audit committee on a quarterly basis for review by the Committee and information of the Board.

SANCTION OF TRANSACTIONS WITHOUT PRE-APPROVAL

Subject to the provisions of Companies Act, 2013 in this behalf, any Related Party Transaction entered into without pre-approval of the Committee/ Board shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee as promptly as reasonably practical after it is entered into and ratified appropriately by the relevant approving authority – Audit Committee, Board or Shareholders.

GENERAL

The Board of Directors may review and amend this Policy from time to time.