

EPACK Durable Limited

(Formerly EPACK Durable Private Limited)

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction

Provisions under the Companies Act, 2013 read with the Rules framed there under (hereinafter referred to as “**Companies Act/Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as “**Listing Regulations**”) give significant emphasis to the Related Party Transaction (hereinafter referred to as “**RPT**”). In pursuance of this, the Board of Directors (hereinafter referred to as “**Board**”) of EPACK Durable Limited (hereinafter referred to as “**EPACK**” or “**Company**”) has adopted the Related Party Transaction Policy (hereinafter referred to as “**Policy**”) and procedures to ensure the proper the compliance with the Act and Listing Regulations.

The Policy will be effective from November 09, 2023. The Board of Directors of the Company, on the recommendation of Audit Committee of the Company shall review the policy periodically and may amend the policy from time to time

2. Purpose

The Company acknowledges the fact that related party transactions can represent a potential conflict of interest which may prejudice the interest of the company and its stakeholders.

Bearing in mind the pre-requisites for approval of related party transactions under the Act, and Listing Regulations, the Board of Directors have adopted this policy in relation to determining Materiality of Related Party Transactions and on dealing with Related Party Transactions.

The purpose of the Policy is to ensure an effective system of checks and disclosure process to encourage transparency, adoption of best governance practices and that all Related Party Transactions are in the best interests of all the members.

3. Scope and Applicability

This Policy applies to all Directors and KMPs of the Company.

4. Definitions

“**Arm’s Length Transaction**” shall mean a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Board of Directors**” or “**Board**” in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act).

“**Key Managerial Personnel**” or “**KMP**” means:

1. The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
2. The Company Secretary;
3. The Whole- time director;
4. The Chief Financial Officer (CFO);
5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
6. such other officer as may be prescribed.

“Material Related Party Transactions” shall mean transaction/transactions to be entered into individually or taken together with previous transactions during a Financial Year exceeding Rupees 1000 Crore or Ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such other threshold as may be prescribed from time to time.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other threshold as may be prescribed from time to time.

“Ordinary Course of Business” with reference to a transaction with a related party means a transaction which is: (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time; (ii) historical practice with a pattern of frequency; (iii) common commercial practice; or (iv) meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

“Related Party Transactions” or **“RPTs”** shall mean all transactions between the Company and one or more related party including contracts, arrangements and transactions as provided in Section 188(1) of the Companies Act and/or Regulation 2(zc) of Listing Regulations.

“Subsequent Material Modifications” in relation to a Material Related Party Transaction, shall mean any subsequent revision in already approved Material Related Party Transaction exceeding such threshold as may be determined by the Audit Committee, from time to time.

All the words and expressions used and not defined in this Policy, shall have meaning respectively assigned to them under the Listing Regulations or Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act or any other applicable laws for the time being in force and rules and regulations made thereunder as amended, from time to time.

5. Policy

All RPTs shall require prior approval of the Audit Committee. All Material RPTs and subsequent Material Modifications shall require prior approval of the Shareholders of the Company in accordance with this Policy. In dealing with RPTs, the Company will follow the below mentioned approach:

A. Identification of Related party/ies:

The Company Secretary shall maintain a list of Related Parties as defined in Section 2(76) of the Act, read with the Companies (Specification of Definitions Details) Rules, 2014 and as per Regulation 2(zb) of Listing Regulations:

- I. Each Director and Key Managerial Personnel shall disclose in Form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all the persons, entities in which he or she is interested, whether directly or indirectly.
- II. Each Director and Key Managerial Personnel shall provide a declaration, at the time of his/her appointment, at the beginning of every financial year and whenever there is any change in the disclosure so made, providing details of:
 1. Relatives;
 2. firms in which such Director or his relative is a partner;

3. private companies in which a Director or his relative is a member or Director;
4. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
5. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
6. Other disclosures as provided in the list provided herein below:

Person who falls under the definition of Related Party as per the provisions of Companies Act and Listing Regulations are as follows:	
1. Director	Section 2(76) of Companies Act, 2013
2. Director's Relative	
3. KMP	
4. KMP's Relative	
5. Firm in which Director is a Partner	
6. Firm in which Relative of Director is a Partner	
7. Private Company in which Director is a Director	
8. Private Company in which Director's Relative is a Director	
9. Private Company in which Director is a shareholder	
10. Private Company in which Director's Relative is a shareholder	
11. Public Company in which Director is Director and he/she along with his/her relative holds more than 2% of its paid up capital	
12. Any body Corporate whose Board of Directors or Managing director is accustomed to act in accordance with the advice, directions or instructions of a director	
13. any person on whose advice, directions or instructions a director is accustomed to act	
14. Promoter	Regulation 2(zb) of Listing Regulations
15. Promoter group	
16. Any person who holds 10% or more equity shares of the Company in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year	

Persons forming part of relative as per Section 2(77) of the Companies Act, are as follows:
1. Members of a Hindu Undivided Family
2. Husband and wife
3. Father (including Step-Father)
4. Mother (including Step-Mother)
5. Son (Including Step-Son)
6. Son's Wife
7. Daughter
8. Daughter's Husband
9. Brother (including Step Brother)
10. Sister (Including Step Sister)

The Compliance Officer shall:

- i. Basis the declaration of Directors and KMPs, identify and keep on record in the form of an updated database the information pertaining to Related Parties.

- ii. At the beginning of the Financial Year and on any subsequent changes, identify and maintain information in the database about the related parties
- iii. Update the database of Related Parties whenever necessary.

B. Identification of RPTs:

Each Director and Key Managerial Personnel is required to give notice of disclosure of interest under section 184 and 189 of the Act 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 without requisite approvals.

The Board/ Audit Committee will determine whether the transaction requires compliance with this policy or not.

The Compliance Officer would collate list of related party transactions which are likely to be executed with each related party and estimated value of such transactions before the beginning of each Financial Year to obtain necessary approvals in accordance with this Policy.

C. Obligation related to Subsidiary Company/ies

The Subsidiary/ies of the Company, before entering into a RPT which may require approval of the Audit Committee & shareholders of the Company under this Policy, more specifically provided in Regulation 23 (2) & (4) of Listing Regulations, shall bring to the attention of the Company the details of the proposed Related Party Transaction(s), so that the requisite approvals can be obtained in due course.

D. Procedure for Approval of RPTs:

I. Audit Committee approval

- i. All RPT as mentioned below, shall require prior approval of the Audit Committee:
 - RPTs of Company:
 - All RPTs and subsequent material modifications.
 - RPTs of Subsidiary Companies
 - RPT to which the subsidiary is a party but not the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- ii. The approval of the Audit Committee can be granted by way of a circular resolution or at a meeting.
- iii. The Audit Committee shall have the discretion to recommend/refer any matter relating to any RPT to the Board for its approval.
- iv. Only those members of the Audit Committee, who are independent Directors, shall approve RPTs.

II. Omnibus approval

Omnibus Approval shall be granted by the Audit Committee if following conditions are satisfied:

- Such RPTs are repetitive in nature (on cumulative basis);
- Such an approval is in the interest of the Company;
- Specify:
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed;
 - b. the indicative base price/current contracted price and the formula for variation in the price if any (for eg: +/- 5%);
 - c. such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;

- 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 approvals given;
- Such omnibus approvals shall be valid for a period not exceeding 1 (One) Financial Year and shall require fresh approvals after the expiry of such Financial Year.

III. Board approval

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, shall require the approval of Board of directors.

In addition to the above, the Material Related Party Transaction, which are intended to be placed before the shareholders for their approval.

IV. Shareholders' approval:

- i. All the material related party transactions, as defined in this policy and as prescribed under Regulation 23 of Listing Regulations shall be approved by the Shareholders through an ordinary resolution.
- ii. Subsequent material modifications as defined herein, shall require prior approval of the shareholders through resolution.
- iii. In addition to the above, all kinds of transactions specified under Section 188 of the Companies Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time, shall be placed before the shareholders for their approval.
- iv. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

As on the date of this policy, the thresholds provided under abovementioned Rules are as follows:

S. No.	Nature of Transaction	Limits prescribed under Companies Act
(i)	sale, purchase or supply of any goods or material, directly or through appointment of agent	amounting to 10 (Ten) percent or more of the turnover of the Company
(ii)	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to 10 (Ten) percent or more of net worth of the Company
(iii)	leasing of property any kind	amounting to 10 (Ten) percent or more of the turnover of the company
(iv)	availing or rendering of any services, directly or through appointment of agent	amounting to 10 (Ten) percent or more of the turnover of the Company
<i>It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year</i>		
(v)	appointment to any office or place of profit in the company, its subsidiary company or associate company	at a monthly remuneration exceeding two and a half lakh rupees
(vi)	Underwriting the subscription of any securities or derivatives thereof, of the Company	One percent of the net worth of the Company
<i>Explanation- The turnover or net worth referred hereinabove shall be computed on the basis of the audited financial statement of the preceding financial year.</i>		

E. Transactions not requiring approval:

The following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- a. Related Party Transactions to which the listed subsidiary of the Company, if any, is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of Listing Regulations are applicable to such listed subsidiary.
- b. Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval.
- c. The transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval

F. Ratification by the Audit Committee of the Company

Pursuant to third proviso of Section 177(4) of the Act, in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the

company against any loss incurred by it.

G. Disclosures:

- i. The details of RPTs, which are not in the Ordinary Course of Business and/ or not at Arm’s Length, shall be disclosed in the Boards’ Report along with a justification for entering into such transactions.
- ii. Details of all material related party transactions shall be disclosed quarterly alongwith the compliance report on Corporate Governance.
- iii. The Company shall also submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board, from time to time. Such Disclosure shall be submitted by the Company every six months on the date of publication of its standalone and consolidated financial results.

6. Compliance

Every person associated with RPTs shall be accountable for compliance with this Policy. In case of breach of Policy, Audit Committee may initiate appropriate action against the person/s responsible.

7. Communication of the Policy

The Policy will be hosted on the Company website, www.epackdurable.com and in the Annual Report of the Company.

8. Review

This policy shall be subject to review by the Board as may be deemed necessary or to meet any regulatory requirements.

9. Amendment

In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

10. Version Control

Version	Description	Date
Version 1	Policy on materiality of related party transactions and on dealing with related party transactions	November 09, 2023

11. Effective Date

This Policy was approved and adopted by the Board on November 09, 2023.