

ENCODE PACKAGING INDIA LIMITED

POLICY FOR RELATED PARTY TRANSACTIONS

PREAMBLE

Encode Packaging India Limited (The Company) has always been committed to good corporate Governance practices. As a matter of practice the company follows arm length basis in transacting business with its related party which are in the ordinary course of business. The board of directors has adopted this policy upon recommendations of audit committee. The said policy includes materiality thresholds and the manner of dealing with related party transaction (the policy) in compliance with the requirements of Listing Agreement with the Stock Exchanges (the Listing Agreement) and, the same is in line with provisions of Section 188 of the Companies Act 2013(the "Act") and Rules made there under, in order to ensure transparency and procedural fairness of such transactions.

The policy applies to transaction between Company and one or more it's Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

OBJECTIVE

This Policy is to ensure the approval and reporting of 'Related Party Transactions', as applicable, between the Company and any of its Related Party. The Policy is designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct and reporting of the 'Related Party Transactions', in terms of the applicable laws. All transactions falling within the definition of 'Related Party Transactions' shall be covered under this Policy.

DEFINITIONS

- 1) "Arm's 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.
- 2) "Board" means the Board of Directors of Nova Publications India Limited, the Company.
- 3) "Control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- 4) "Key Managerial Personnel" includes
 - (i) the Chairman, Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-time Director;
 - (iv) the Chief Financial Officer.
- 5) "Policy" means Related Party Transaction Policy

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- 6) "Related Party" as per Section 2(76) of the Companies Act, 2013
- (i) a Director or his relative;
 - (ii) a Key Managerial Personnel or his relative;
 - (iii) a firm, in which a Director, Manager or his relative is a partner;
 - (iv) a private company in which a Director or Manager is a member or Director;
 - (v) a public company in which a Director or Manager is a Director or holds along with his relatives, more than two per cent of its paid-up share capital;
 - (vi) anybody 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;
 - (vii) any person on whose advice, directions or instructions a Director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (viii) any company which is—
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - (ix) such other person as may be prescribed under the Companies Act, 2013 from time to time.

7) **"Material Related Party Transactions"** means those transactions entered into by the Company with a Related Party, which 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.

8) **"Related Party"** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

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."

9) **"Related Party Transaction"** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

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POLICY

All Related Party Transactions must be reported to the Audit Committee for review and referred for prior approval of the Committee, as the case may be, in accordance with this Policy.

Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel are responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Approvals to Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee. Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- 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;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

If the Audit Committee determines that a Related Party Transaction should be referred to the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

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Review of Related Party Transactions

Related Party Transactions for each quarter shall be referred to the meeting of Audit Committee for review. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the review of the Related Party Transaction. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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 matters.

DISCLOSURES

1. Details of all material transactions with Related Parties are to be disclosed quarterly along with the compliance report on Corporate Governance being submitted to the Stock Exchange(s) where the shares of the Company are listed.
2. The Company shall disclose the Policy relating to Related Party Transactions on its website and also provide a web link thereto in the Annual Report.

AMENDMENT IN LAW

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company and Any subsequent amendment / modification in listing agreement and/or applicable laws in this regard shall automatically apply to this policy.