

**SMVD POLY PACK LIMITED****DRAFT RELATED PARTY TRANSACTION POLICY****1. Introduction**

The Board of Directors (the "Board") of SMVD Poly Pack Limited (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company. This policy is framed as per requirement of applicable laws and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

**2. Definitions:-**

In this Policy, unless the context otherwise requires,-

- (a) "Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions Companies Act, 2013 and other applicable laws.
- (b) "Board" means Board of Directors of the Company.
- (c) "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: Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;
- (d) "Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director; (ii) Company Secretary; and (iii) Chief Financial Officer
- (e) "Material Related Party Transaction" " in accordance with Regulation 23 of the Listing Regulations, w.e.f. 01/04/2022 a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company** as per the last audited financial statements of the Company, whichever is lower or such other limit as may be specified in the applicable Regulation as amended 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 consider material if the transaction(s) to be entered into individually or take together with previous transactions during a financial year, **exceed five percent** (or such other limit as may be specified in the applicable Regulation as amended from time to time) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- (f) "Policy" means Related Party Transaction Policy as originally framed or as altered from time to time.
- (g) "Related Party" means a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
    - 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 or his relative is a member or director;
    - v. a public company in which a director or manager and holds 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 under 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 (C) An investing Company or the venturer of the Company ;
    - ix. a director [other than an independent director] or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.
  2. An entity is related to a company if any of the following conditions applies:
    - i. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
    - ii. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
    - iii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
    - iv. Both entities are joint ventures of the same third party; or
    - v. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
    - vi. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
    - vii. The entity is controlled or jointly controlled by a person identified in (1).
    - viii. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or
- (h) "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.
- (i) "Relative" means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –
- i. They are members of a Hindu undivided family;
  - ii. They are husband and wife; or
  - iii. Father (including step-father)
  - iv. Mother (including step-mother)
  - v. Son (including step-son)
  - vi. Son's wife
  - vii. Daughter
  - viii. Daughter's husband
  - ix. Brother (including step-brother)
  - x. Sister (including step-sister)

**3. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:****3.1 Approval of the Audit Committee**

- A. All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
- i. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following viz. :
    - Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
    - The maximum value per transaction which can be allowed;
    - extent and manner of disclosures to be made to the audit Committee at the time of seeking omnibus approval ;
    - review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval made;
    - transactions which cannot be subject to the omnibus approval by the Audit Committee.
  - ii. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz:-
    - repetitiveness of the transactions (in past or in future);
    - justification for the need of omnibus approval.
  - iii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
  - iv. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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. Provided that where the need for related party transactions 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 1 crore per transaction.
  - v. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the Company pursuant to the omnibus approval given;
  - vi. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
  - vii. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
  - viii. Any other conditions as the Audit Committee may deem fit.
- B. In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:
- i. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Policy.
  - ii. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
    - i Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
    - ii Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
  - iii. Any other details as may deem fit by the Audit Committee.

iv. Transaction in respect of selling or disposing of the undertaking of the company will not be subject to the omnibus approval of the Audit Committee:

- Transactions which are not repetitive in nature.
- Any other transaction the Audit Committee may deem not fit for omnibus approval.

### 3.2 **Approval of the Board of Directors of the Company**

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, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval.
- d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

### 3.3 **Approval of the Shareholders of the Company**

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval. For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (Related Parties can cast only negative vote to reject the shareholders resolution on material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

## **4. ADDITIONAL APPROVAL FUNCTIONALITY OF THE AUDIT COMMITTEE :**

(a) the audit Committee shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

Explanation: Material Modification means increase in value of transactions approved by Audit Committee by more than 50 %.

(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit Committee of the listed entity 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 consolidated turnover, as per the last audited financial statements of the listed entity;

(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity 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;

(d) prior approval of the audit Committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit Committee of the listed subsidiary shall suffice.

- 5.** All the related party contracts / arrangements shall be entered into at an Arms' length basis.
- 6.** In case the market price of any transactions/arrangements are not available or cannot be ascertained and could not be executed with outsiders due to secrecy of the nature of products or formula, such transactions shall be done as far as possible to the nearest market price and after citing justification to the Audit Committee for such transaction and necessity.
- 7.** All contracts/arrangements shall adhere to the requirement of the LODR, provisions of the Companies Act, 2013 and rules made thereunder and the Accounting Standards.
- 8.** A maximum sum of Rupees One Crore during the financial year has been capped under omnibus approval by the Audit Committee for the transactions of repetitive nature and with the same related party. All such transactions shall be reviewed by the Committee on quarterly basis. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- 9.** If any contract or arrangement is entered by a Director or any employee without the consent of the Board or without Special Resolution in General Meeting due to some urgency, it shall be ratified by the Board or General Meeting by means of Special Resolution within 3 months, as the case may be.
- 10.** In case of the contracts / arrangements with related party is not in the ordinary course of business or at Arm's Length, the Company would comply with the respective provisions of the Companies Act, 2013 and rules made thereunder.
- 11.** All the material related party transactions above the threshold limits as mentioned above and material modifications thereto other than exempted wholly owned subsidiary shall require prior approval of shareholders through resolution and no related party shall vote to approve such resolution whether the entity is related party to the particular transaction or not but they can cast negative vote on the resolution.

This policy is meant to provide a framework to regulate transactions between the Company and its related parties based on applicable laws and regulations. The Audit Committee and the Board of Directors will review this policy periodically and may amend or modify the Policy accordingly, from time to time.

The Policy has been reviewed by the Board in its meeting held on 22nd August, 2022 and the modifications have been updated accordingly.