



ESSEL PROPACK LTD (the “Company” or “EPL”)

Related Party Transaction Policy & Procedure

I. INTRODUCTION

This policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified by the Audit Committee/Board of Directors/shareholders as per the Companies Act, 2013 (“**Companies Act**”) and the Listing Agreement executed with the Stock Exchanges (“**Listing Agreement**”).

II. DEFINITIONS

For the purposes of this policy, the following definitions apply:

1. "Related Party" shall have the meaning ascribed to such term Section 2(76) of the Companies Act and the Listing Agreement as may be amended from time to time.
2. "Related Party Transaction" shall have the same meaning as ascribed to such term under the Listing Agreement executed with the Stock Exchanges as may be amended from time to time, including such transactions listed in Section 188(1)(a)-(g) of the Companies Act and any subsequent modifications made thereto.

III. PROCEDURES

1. Unless otherwise provided in this Policy, Related Party Transactions shall be brought to management's and the Board's attention. Each of the Directors and Key Managerial Personnel shall inform the Company Secretary of any potential Related Party Transactions. In addition, each such Director and Key Managerial Personnel shall on an annual basis provide information about any potential Related Party Transactions to the Company Secretary.
2. Prior to the entry into any potential Related Party Transaction, such transaction will be reported to EPL's Company Secretary. Any potential Related Party Transaction that is brought to EPL's attention is analyzed by EPL's Company Secretary, in consultation with management and with outside counsel, as appropriate; to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this policy.

3. The Audit Committee shall be provided with the material facts of all new, existing or proposed Related Party Transactions, including modifications proposed to existing Related Party Transactions. The Audit Committee will thereafter determine whether; (i) to approve the Related Party Transaction and refer the Related Party Transaction to the Board of Directors for its consideration and approval as may be required under the Companies Act or Listing Agreement, or (ii) to disapprove the Related Party Transaction.
4. The Audit Committee shall follow the procedure prescribed below:
 - (i) if the Audit Committee approves the Related Party Transaction, it shall, refer all Related Party Transactions requiring approval of the Board of Directors under this policy or under the Companies Act or any other applicable provisions of law, to the Board of Directors. Further, in case the Audit Committee determines that a Related Party Transaction does not require the approval of the Board of Directors under the Companies Act, it shall provide the Board of Directors with a written report indicating the reasons why such Related Party Transaction does not require the approval of the Board of Directors.
 - (ii) if the Audit Committee disapproves a Related Party Transaction, it shall send a written report to the Board, indicating the reasons for disapproving such Related Party Transaction.
 - (iii) Any pre-existing Related Party Transactions, if not previously reviewed, must be either ratified or rescinded by the Audit Committee, and if required under the Companies Act, by the Board of Directors.
 - (iv) In assessing a Related Party Transaction, the Audit Committee / Board of Directors shall consider such factors as it deems appropriate, including without limitation;
 - (a) the business reasons for EPL to enter into the Related Party Transaction;
 - (b) the approximate value of the transaction;
 - (c) the general description of the transaction, including the material terms and commercial reasonableness of the terms of the Related Party Transaction;
 - (d) whether the terms and conditions of the related party transactions are on "Arms-length" basis. "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.
 - (e) whether the terms of the Related Party Transaction are fair to EPL and on the same basis as would apply if the transaction did not involve a Related Party;
 - (f) the materiality of the Related Party Transaction to EPL; for the purposes of this Policy, 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 five percent of the annual turnover or twenty percent of the net worth of the company as per the last

audited financial statements of the company, whichever is higher
 (“**Material Related Party Transactions**”)

- (g) the nature of relationship with the Related Party and the extent of the Related Party's interest in the Related Party Transaction;
 - (h) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction;
 - (i) necessary compliances as per the FEMA regulations / RBI guidelines with regard to the Related Party Transaction; and
 - (j) whether such transaction is factually in the ordinary course of business.
5. The Management shall provide certification to the Audit Committee whether the Related Party Transactions are material or not material and whether the same are on arm's length basis.
 6. All Material Related Party Transactions can be entered into only after obtaining the prior approval of the Company's shareholders by way of a special resolution, irrespective of whether such Related Party Transactions have been entered into in the ordinary course of business of the Company or otherwise.
 7. In the event that EPL's Company Secretary aware of a Related Party Transaction that was not previously approved or ratified under this policy, the Company Secretary will promptly notify the Audit Committee, and the Audit Committee, if required under this Policy, shall refer such transaction to the Board of Directors and the Audit Committee / Board of Directors will consider whether the Related Party Transaction should be ratified or rescinded or other action should be taken.
 8. Subject to the provisions of the Companies Act, a Related Party Transaction may be approved (i) by the vote of a majority of the directors at a meeting of the Audit Committee/Board of Directors or (ii) by unanimous approval of the members of the Audit Committee/Board of Directors by way of unanimous written consent, provided that the Transaction in question has previously been discussed at a meeting of the Audit Committee / Board of Directors.
 9. Other than by providing written consent, no director who is a Related Party shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board of Directors and may otherwise participate in some or all of the discussions if so requested by the Audit Committee/Board of Directors.

IV. TRANSACTIONS IN ORDINARY COURSE OF BUSINESS

1. The Audit Committee/ Board of Directors may approve Related Party Transactions arising in ordinary course of business which are out of a single framework arrangement such as (i) sale of laminates / tubes / spares, (ii)

- purchase of raw materials / caps / machines, (iii) payment or receipt of royalty /lease rentals / loan interest / service charges / hardware charges etc. and which are based on the same document / analysis to determine that such transactions are on arms-length basis (e.g. transfer pricing bench marking report) ("**Approved Transactions**"),
2. The Audit Committee may approve Related Party Transactions intended to be carried out with the Related Parties in particular financial year after taking into consideration the expected volume of such transactions in a financial year and the analysis to show that such transactions are on arms-length basis.
 3. The approved transactions and its values shall be monitored and reviewed by the Audit Committee on half-yearly basis.

V. DISCLOSURES

All Related Party Transactions shall be disclosed in EPL's website, applicable filings and reporting, if required, pursuant to the Companies Act/Listing Agreement with the Stock Exchanges.

Notes:

- (i) Companies Act does not define a "Related Party Transaction", and the said term is only defined in the Listing Agreement.
- (ii) Related Party is defined under the Companies Act and Listing Agreement.
- (iii) Definition of arm's length, is the same as provided under explanation (b) of Section 188(1) of the Companies Act, 2013.
- (iv) The threshold of materiality of a related party transaction is based on Clause 49(VII)(C) of the revised Listing Agreement, (which will be effective from 1 October 2014)