



**EPL LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

Policy Versions		
Sr. No.	Description	Approved by Board of Directors
1.	Original Policy	May 29, 2014
2.	Policy V1	July 30, 2014
3.	Policy V2	November 8, 2023

## **POLICY ON RELATED PARTY TRANSACTIONS ("RPT Policy")**

### **I. INTRODUCTION**

This RPT Policy has been adopted by the Board of Directors of EPL Limited ("Company"), in order to set forth the procedures to be followed by the Company for dealing with the Related Party Transactions and also for determining materiality of the Related Party Transactions (as defined herein below), in terms of the provisions of Section 188 of the Companies Act, 2013 (as amended) ("Act") read with the Rules framed thereunder (as amended) ("Rules") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("SEBI LODR Regulations").

### **II. OBJECTIVE**

This RPT Policy sets (a) the materiality thresholds for Related Party Transactions, (b) define material modification and (c) the manner of dealing with and disclosing the transactions between the Company and its related parties as required under the Act, the SEBI LODR Regulations and any other laws and regulations as may be applicable to the Company.

### **III. DEFINITIONS**

For the purposes of this RPT Policy, the following definitions apply:

1. "Related Party" shall mean a related party as defined under Section 2(76) of the Act and the SEBI LODR Regulations, as amended from time to time.
2. "Related Party Transaction or RPT" shall mean a related party transaction as defined under SEBI LODR Regulations, including the type of transactions as enlisted in Section 188 of the Act.
  - 2.1 Related Party Transaction(s) of the Company: Related Party Transaction(s) where the Company is a party to the transaction(s)/contract(s)/ arrangement(s), with a related party of the Company.
  - 2.2 Related Party Transaction(s) of the Subsidiary: Related Party Transaction(s) where a Subsidiary of the Company is a party to the transaction(s)/ contract(s)/ arrangement(s), with a related party of the Company but the Company is not a party to such transaction.
3. "Material Related Party Transaction" means a transaction to be entered into with a related party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
  - 3.1 In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
  - 3.2 In case of any other transaction(s), if the amount exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

4. "Material Modifications" in relation to any existing/ proposed Related Party Transaction(s) as approved by the Audit Committee and/or Board of Directors and/or Shareholders (as may be applicable), shall mean - any change or variation or modification in any of the terms & conditions with respect such Related Party Transaction(s), whether due to change in terms of the agreement with such Related Party or regulatory changes or for any other reason,
  - (i) the financial effect of which is an increase in the per annum value of the relevant Related Party Transaction by 10% or more; or
  - (ii) by which such transaction ceases to be in ordinary course and/or on arm's length basis; or
  - (iii) such other parameters as may be determined by the Audit Committee from time to time.
5. "Arm's Length Basis" in relation to a Related Party Transaction shall mean key terms of the transaction, taken as a whole, being comparable with those of similar transactions, if they would have been undertaken with non-related party.
6. "Ordinary Course of Business" in relation to a Related Party Transaction shall mean normal course of the business pursuant to the objects of the Company, as per the charter documents of the Company.

All capitalized terms used in this RPT Policy but not defined herein shall have the meaning assigned to such term in the Act read with the Rules and the SEBI LODR Regulations.

#### **IV. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

##### **Audit Committee**

1. Unless otherwise provided in this RPT Policy, all the Related Party Transactions shall be brought to the attention of the Management, the Audit Committee of the Board of Directors of the Company ("Audit Committee") and/or the Board of Directors of the Company ("Board"). All the Director(s) and Key Managerial Personnel shall provide necessary disclosures, from time to time, as required under the provisions of the Act and/or SEBI LODR Regulations, which shall assist the Company in identification of potential Related Party Transaction(s).
2. Before entering into any potential Related Party Transaction, such transaction shall be reported to the Chief Financial Officer and the Company Secretary, so that it can be reviewed, internally or with the help from an outside expert, if deemed appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this RPT Policy.
3. All Related Party Transactions and subsequent Material Modifications thereto shall require prior approval of the Audit Committee.
4. A Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
5. Only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions. Also, any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

6. The Audit Committee shall consider following factors while reviewing all new, existing or proposed Related Party Transactions, including Material Modifications thereto:
  - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate and per transaction, that shall be entered into;
  - ii. 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 (“Relevant Factors”), for enabling the Audit Committee to determine whether (i) to approve such Related Party Transactions and recommend the same to the Board for its consideration and approval, as may be required under the Act or SEBI LODR Regulations; or (ii) to disapprove the Related Party Transaction.
7. The Audit Committee 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 material/ 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).
8. 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 Arm’s Length Basis.
9. Further, the Audit Committee may grant omnibus approval for the Related Party Transactions, which are proposed to be entered into by the Company and are of repetitive in nature, subject to compliances with the following conditions:
  - (a) such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that such terms shall continue to be on Arm’s Length Basis.
  - (b) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
  - (c) The Audit Committee shall consider the Relevant Factors (as mentioned in Clause 6 hereinabove) while granting its omnibus approval.
  - (d) In case of Related Party Transactions which cannot be foreseen and if the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions, subject to value of each of such transaction does not exceed Rs. 1 Crore (per transaction).
  - (e) Such omnibus approval shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of one year.
10. The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company, pursuant to the omnibus approval given or other approvals obtained, if any, from time to time.
11. In connection with any review of a Related Party Transaction, the Audit Committee shall have the authority to modify or waive any procedural requirements of this RPT Policy.

#### **Board of Directors**

12. Any Related Party Transaction which is not in the Ordinary Course of Business of the Company or

not at Arm's Length Basis would require prior approval of the Board, on recommendation of Audit Committee.

13. The Board shall consider the Relevant Factors or such other conditions as the Board may deem fit, while reviewing Related Party Transactions, which are not in the Ordinary Course of Business of the Company or not at Arm's Length Basis. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any Director who has any interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of such Related Party Transaction.

### **Shareholders**

14. All Related Party Transactions which are not in Ordinary Course of Business of the Company or not at Arm's Length Basis and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 and/or SEBI LODR Regulations shall be placed before the shareholders for its approval.
15. Further, all Material Related Party Transactions and subsequent material modifications shall require prior approval of the Shareholders of the Company, by way of a special resolution, irrespective of whether such Related Party Transaction is proposed to be entered into in the Ordinary Course of Business of the Company and on Arm's Length Basis or otherwise.
16. 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 or (ii) by unanimous approval of the members of the Audit Committee/Board by way of unanimous written consent, provided that the Transaction in question has previously been discussed at a meeting of the Audit Committee / Board.
17. 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 and may otherwise participate in some or all of the discussions if so requested by the Audit Committee/Board.

### **V. DISCLOSURES**

1. Every Related Party Transaction, which is required to be approved by the Board or the Shareholders under this RPT Policy, shall be referred to in the Board's report to the Shareholders along with the justification for entering into such contract or arrangement
2. Details of the Related Party Transactions shall be submitted to the Stock Exchanges, on half-yearly basis, in such format, manner and within such timelines, as may be specified by the Securities and Exchange Board of India ("SEBI") and as set-out in the SEBI LODR Regulations. Further, the same shall be published on the website of the Company.
3. The RPT Policy shall be made available on the website of the Company and a web link thereto shall be provided in the Company's Annual Report.

## **VI. ADMINISTRATIVE MEASURES**

1. The Company's management shall institute appropriate administrative measures to ensure that all Related Party Transactions entered into by the Company are in compliance with the Act, SEBI LODR Regulations, other applicable laws and this RPT Policy.
2. The detailed processes relating to implementation of this RPT Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned.
3. 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. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee, if and as required by the Audit Committee.
4. The Company Secretary shall be responsible to maintain/ update the list of Related Parties (as required by applicable laws) and provide the same to all concerned.
5. All persons dealing with the Related Party(ies) shall, irrespective of their level, be responsible for compliance with this RPT Policy. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion.
6. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

## **VII. INTERPRETATION AND REVIEW**

1. In any circumstance where the provisions of this RPT Policy differ from any existing or newly enacted provisions of the Act, Rules, the SEBI LODR Regulations and/or applicable law, rule, regulation or standard governing the Company ("applicable laws"), the relevant provisions of the applicable laws will take precedence over this RPT Policy until such time as this RPT Policy is changed to conform to the applicable laws, rule, regulation or standard.
2. This RPT Policy will be reviewed as and when required but atleast once in three years.
3. In case of any clarification required with respect to this RPT Policy, the concerned may contact the Company Secretary of the Company.