



# Purity Flexpack Limited

## POLICY ON RELATED PARTY TRANSACTIONS

### 1 REGULATORY FRAMEWORK

1.1 This policy (“Policy”) of Purity Flexpack Limited (“the Company”) has been prepared and adopted in accordance with the Securities Exchange Board of India Limited (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and Companies Act, 2013 (“Act”) read with the Companies (Amendment) Act, 2017 alongwith circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

1.2 Regulation 23 of SEBI LODR requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

1.3 The board of directors shall review the policy once in every three years and update the same from time to time and as may be deemed necessary.

### 2 OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

### 3 DEFINITIONS

3.1 “**Act**” means the Companies Act, 2013

3.2 “**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

3.3 “**Audit Committee or Committee**” means the Committee of the Board

constituted from time to time under the SEBI Listing Regulations and Section 177 of the Act.

- 3.4 **“Board”** means the Board of Directors as defined under the Companies Act, 2013.
- 3.5 **“Key Managerial Personnel”** means Key Managerial Personnel as defined under the Companies Act, 2013.
- 3.6 **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- 3.7 **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended.
- 3.8 **“Related Party Transaction”** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –
- a. sale, purchase or supply of any goods or materials;
  - b. selling or otherwise disposing of, or buying, property of any kind;
  - c. leasing of property of any kind; d. availing or rendering of any services;
  - e. appointment of any agent for purchase or sale of goods, materials, services or property;
  - f. appointment to any office or place of profit in the company
  - g. underwriting the subscription of any securities or derivatives thereof, of the Company.
- 3.9 **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- In case of 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 of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.
- 3.10 **“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.

## **4 POLICY**

The Audit Committee shall review and approve all Related Party Transactions based on this Policy. All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre - approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

### **4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per **Annexure 1** to the Company Secretary on an annual basis.

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the information of Annexure 1.

The Company Secretary shall maintain a database of Company's related parties containing the names and other applicable details of individuals and Companies, identified on the basis of the definition set forth in this policy.

### **4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

### **4.3 PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS**

#### **A. Approval of the Audit Committee**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;

b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and

d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e. events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

### **Omnibus Approval by Audit Committee**

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- (a) repetitiveness of the transactions (in past or in future);
- (b) justification for the need of omnibus approval.

The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.

The omnibus approval shall contain or indicate the following: -

- (a) name of the related parties;
- (b) nature and duration of the transaction;
- (c) maximum amount of transaction that can be entered into;
- (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

#### **B. Approval of the Board of Directors**

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.

Any member of the Board of Directors falling under the definition of related party shall not vote to approve the relevant transactions irrespective of whether the member is a party to the particular transaction or not.

#### **C. Approval of Shareholders**

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 3.9 of 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.

#### **4.4 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all

options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

## **5 DISCLOSURES**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

The Company shall submit within 30 days from the date of publication of its standalone financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

## **6 SCOPE LIMITATION**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## ANNEXURE 1

### NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,  
The Board of Directors  
Purity Flexpack Limited  
At & Post Vanseti, Nr. Baska, Halol Panchmahal  
GJ 389 350 IN

Dear Sir,

A. I, ....., son/daughter/spouse of ....., resident of ....., holding ..... Shares (equity or preference) of Rs. 10/- each (..... percent of the paid-up Capital) in the Company in my name, being a ..... in the Company, hereby give notice that I am interested directly/through my Relatives in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Signature:  
Name:  
Designation:

Place:  
Date: