

Uniphos Enterprises Limited

POLICY ON RELATED PARTY TRANSACTIONS

(Approved by the Board of Directors of the Company at its meeting held on 14th February, 2023)

TITLE

This policy shall be called as ‘**Uniphos Enterprises Limited - Policy on Related Party Transactions**’.

SCOPE

This policy will cover Related Party Transactions, Materiality of Related Party Transactions and Dealing with Related Party Transactions.

REGULATORY FRAMEWORK

- This policy (“**Policy**”) of Uniphos Enterprises Limited (“**the Company**”) has been prepared and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”) and Companies Act, 2013 (“**the Act**”) read with the rules framed thereunder along with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.
- Amendments to the Policy, if any, from time to time, shall be considered by the Board of Directors of the Company (“**the Board**”) based on the recommendations of the Audit Committee of the Company (“**Audit Committee**”).
- 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 and criteria of material modifications of the same.
- The Board, on recommendation of the Audit Committee, shall review the policy once in every three years and update the same from time to time and as may be deemed necessary.

OBJECTIVES OF THIS POLICY

To ensure proper reporting, approval, and disclosure of related party transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

DEFINITIONS

“**Act**” means the Companies Act, 2013 including the Rules framed thereunder

“**Arm’s Length Transactions**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee**” means a Committee of the Board the Company constituted under provisions of Regulation 18 of SEBI LODR and Section 177 of the Act and other applicable rules thereunder.

“**Board of Directors**” in relation to a Company means the collective body of the directors of the Company constituted in accordance with the provisions of SEBI LODR and the Act.

“**Key Managerial Personnel**” shall have the same meaning as defined under the Act.

“**Holding Company**” shall have the same meaning as defined under the Act.

Explanation: For the purpose of this clause, the expression “company” includes any body corporate.

“**Material Related Party Transaction**” shall have the same meaning as explained in Regulation 23 of the SEBI LODR.

“Ordinary Course of Business” means a transaction:

- which is carried out in the normal course of business and can reasonably be envisaged in accordance with the objects under Memorandum of Association (‘MOA’) of the Company as amended from time to time, or
- which is undertaken in connection with or furtherance of regular business activities of the Company, or
- which is frequent over a period of time or, if not frequent, are commonly undertaken to attaining the business objectives of the Company, or
- wherein the income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity, or
- which is incidental to or in connection with the industry in which the Company operates or part of standard industry practice, or
- meets any other parameters/criteria as decided by the Board/Audit Committee.

This is not an exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

“Related party” is a person or an entity which is–

- a related party under section 2(76) of the Act;
- a related party under regulation 2(1)(zb) of the SEBI LODR; or
- a related party under the applicable Accounting Standards;

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and Securities and Exchange Board of India (“SEBI”) and other authorities from time to time on the interpretation of the term “Related Party”.

“Related party transaction” shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI LODR read with Section 188(1) of the Act and applicable Accounting Standards.

“Relative” with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Rule 4 of Companies (Specification of Definition Details) Rules, 2014 and the amendments made thereunder from time to time.

“Transactions” with a related party shall be construed to include single transaction or a group of transactions in a contract and also includes prospective transactions.

Any other term not defined herein shall have the same meaning as defined in the Act or Rules made thereunder, SEBI LODR, applicable Accounting Standards or any other law or regulation applicable to the Company.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- All the Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other Companies, firms or concerns at the time of their appointment, at the beginning of every financial year and any change in such interest during the year.
- All the director and key managerial Personnel are responsible for providing notice to the Board or Audit Committee of any potential related party transaction involving him/her or his/her relative, firms or concerns including any additional information about the transaction that the Board or Audit Committee may request.

- The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a related party transaction requiring compliance with this policy.
- The Company strongly prefers to receive such notice of any potential related party transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.
- The Compliance officer 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.

APPROVAL OF RELATED PARTY TRANSACTIONS

• APPROVAL OF AUDIT COMMITTEE

- All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee.

Material Modifications means "if the value of related party transactions as approved by the Audit Committee is modified resulting in an upside revision of 10% of the originally approved value (except where the change is necessary to keep the price at arm's length or for compliance with provision of any applicable law), the same will be considered a material modification".

- Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely –
 - i. The Audit Committee in consultation with Board shall lay down the criteria for granting the omnibus approval and material modification to a transaction in line with this policy and such approval shall be applicable in respect of repetitive transactions.
 - ii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
 - iii. Such omnibus approval shall specify –
 - a) The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - b) The indicative base price / current contracted price and the formula for variation in the price If any; and
 - c) Such other conditions as the audit committee may deem fit

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant an omnibus approval for such transactions subject to their value not exceeding rupees one crore (1 crore) per transaction.
 - iv. The omnibus approval of the Audit Committee shall be valid for a period of one year (1 year) and shall require fresh approval after the expiry of one year.
 - v. The Audit Committee shall review at least on a quarterly basis the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.
 - vi. In case the Audit Committee does not approve any transaction, then it shall make its recommendations to the Board.
- Transactions of following nature will not be subject to the omnibus approval of the Audit Committee:
 - a) Transactions which are not at arm's length or not in the Ordinary Course of Business.

- b) Transactions which are not repetitive in nature (in past or in future).
- c) Transactions in respect of selling or disposing of an undertaking of the Company.
- d) Transactions which require shareholders' approval.
- e) Financial Transactions e.g., Loan to Related Parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the Related Parties, corporate guarantee given/received from Related Parties.
- Any member of the Audit Committee falling under the definition of related parties shall abstain from discussion of such related party transactions and shall not vote to approve the relevant transactions irrespective of whether the member is a party to the particular transaction or not.
- Only Independent Directors who are members of the Audit Committee shall approve related party transactions.

- **APPROVAL OF THE BOARD OF DIRECTORS**

The following related party transactions shall require a prior approval of the Board:

- All Related party transactions which are not in the Ordinary course of business or not at an Arm's Length Transaction or which exceeds the limits as specified under the Act or SEBI LODR and are required to be placed before the shareholders of the Company for approval.
- Transactions which the Audit Committee refer to the Board for approval.
- Transactions in which the Directors or the Key Managerial Personnel, are concerned or interested.
- The Company may, if it considers necessary and shall, if the Audit Committee or Board so requires, seek external professional opinion to determine whether a Related Party Transaction is in the Ordinary Course of Business and/ or at Arms' Length price.
- Any member of the Board of Directors falling under the definition of related party shall abstain from discussion of such related party transactions and shall not vote to approve the relevant transactions irrespective of whether the member is a party to the particular transaction or not.
- **While assessing a proposal put up before the Audit Committee/ Board for approval, the Audit Committee/ Board may review the following documents/ seek inter alia 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:**
 - Name of the Related Party, nature of its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - Nature, duration of the contract and particulars of the contract or arrangement;
 - Type and Material terms of the contract or arrangement including the value;
 - The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
 - If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - a) details of the source of funds in connection with the proposed transaction;
 - b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:

- I. nature of indebtedness;
- II. cost of funds; and
- III. tenure;
- c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- Justification as to why the Related Party Transaction is in the interest of the Company;
- A copy of the valuation or other external party report, if any;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
- For transactions requiring omnibus approval:
 - a) Maximum amount of transaction that can be entered into during the financial year.
 - b) Indicative base price / current contracted price and the formula for variation in the price, if any.
- Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.

- **APPROVAL OF SHAREHOLDERS**

Following transactions shall require prior approval of the shareholders/members of the Company by way of a resolution passed at the general meeting of the Company:

- All material related party transactions i.e., the transactions which exceeds the threshold limits as specified under SEBI LODR and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:
- In the event any Material Related Party Transaction is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its Members, as applicable, for such contract or arrangement.
- Where Members' approval is required for a related party transaction, the explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014. Where Related Party Transaction require approval of the Board and the Members, the Board Members who is a related party shall abstain from voting on such resolution.
- No Related Party shall vote to approve such resolution whether the entity is Related Party to the particular transaction or not to the extent it is so specified in Act and SEBI LODR.

- **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

- In the event the Company becomes aware of a related party transaction that has not been approved under this policy prior to its consummation, the matter shall be reviewed by the Audit Committee.
- The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction.
- The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Committee under this policy and failure of the internal control systems, and shall take any such action as it deems appropriate.
- In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc.
- In connection with any review/ approval of a Related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this policy.

- **TRANSACTIONS COVERED UNDER OTHER PROVISIONS IN LAW / APPROVED BY SEPARATE COMMITTEES**

The transactions or arrangements which are specifically dealt under the separate provisions of the law and executed under separate approvals/procedures from relevant competent authority or Committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:

- Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval, except any special benefit given to such person.
- Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval except any special benefit given to such person.
- Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders approval including ESOPs.
- Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares which is in line with Board approved plan.
- Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

- **RELATED PARTY TRANSACTIONS NOT BE TREATED AS RELATED PARTY TRANSACTIONS**

The following shall not be treated as a Related Party Transaction:

- Issue of specified securities on a preferential basis, subject to the compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- Corporate actions such as payment of dividend, subdivision, consolidation, issuance of securities by way of rights or bonus issue and buyback of securities.
- Any transaction which has been specifically excluded under the Act or SEBI LODR to the extent provided therein.

DISCLOSURE REQUIREMENTS

- The Company shall disclose, in the Board's report to the shareholders, the transactions prescribed in Section 188(1) of the Act, if any, with Related Parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.
- The Company shall also disclose in its Annual Report, the details of related party transactions of the Company relating to Loans and advances which are in the nature of loans to firms/ companies in which the directors of the Company are interested.
- The Company shall submit to the stock exchanges, where the securities of the Company are listed, the disclosure of related party transactions in the format and within such time as specified in the SEBI LODR and publish the same on its website.
- Disclosures shall also be made in the Annual Report as specified under the Act and Schedule V of the SEBI LODR, including any amendments made from time to time.
- This policy shall be uploaded on the website of the company i.e., www.uelonline.com and a weblink thereto shall be provided in the Board's Report to the shareholders.

LIMITATION AND AMENDMENT

- In the event of any conflict between the provisions of this policy and of the Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions of such Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions shall prevail over this policy.
- Any subsequent amendment/ modification in SEBI LODR, Act and/ or applicable laws in this regard shall automatically apply to this policy and the Company Secretary is authorized to make such amendment / modification to this policy in consultation with the Managing Director.