

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

- 1.1 The Companies Act, 2013 ('Act') and Securities and Exchange Board of India ('SEBI') have significantly revised the regulations governing related party transactions entered into by the companies. The Act defines related parties and related party transactions and prescribes certain approval requirements with respect to such transactions.
- 1.2 The listing agreement entered into by a company with the stock exchanges where its shares are listed ('Listing Agreement'), also requires a company to adopt a policy setting out the manner in which the company will deal with related party transactions as well as the materiality thresholds applicable to such transactions.
- 1.3 In view of the above and to consolidate the procedural requirements under the Act and the Listing Agreement, the Company has laid down this policy on related party transactions in accordance with the requirements of the Act read with relevant rules prescribed therein and the Listing Agreement.
- 1.4 The Board of Directors of (the 'Board') Uday Jewellery Industries Limited (the 'Company') has adopted the following policy and procedures with regard to related party transactions.

2. OBJECTIVES

- 2.1 The Board recognizes that related party transactions need to be reviewed as per the provisions of the Act and the Listing Agreement. The Board has adopted this Policy to set forth the procedures under which transactions with related parties shall be reviewed for approval or ratification in accordance with the procedures set forth below:
 - 2.1.1 This Policy also aims to comply with the applicable laws.
 - 2.1.2 No related party transactions may be entered into by the Company, except in accordance with the provisions of this Policy and applicable laws.

3. DEFINITION

Definitions of some of the key terms used in this policy are given below:

- a) **'Act'** means Companies Act, 2013, as amended from time to time.
- b) **'Arm's Length Transaction'** means a transaction between the Company and its Related Party(ies) that is conducted as if they were unrelated and at a fair value, so that there is no conflict of interest.
- c) **'Audit Committee' or 'Committee'** means Committee of Board of Directors of the Company constituted under provisions of the Act and the Listing Agreement.
- d) **'Director'** means a director on the Board of the Company.
- e) **'Key Managerial Personnel or KMP'** means
 - i) the Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-Time Director;
 - ii) the Company Secretary;
 - iii) the Chief Financial Officer; and
 - iv) any other person appointed as the KMP by the Board of Directors of the Company
- f) **'Material Related Party Transaction'** will have the same meaning as defined in Clause 49 of the Listing Agreement.
- g) **"Ordinary Course of Business ('OCB')"** means a transaction which is:
 - carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') of the Company as amended from time to time, or
 - historical practice with a pattern of frequency, or
 - common commercial practice, or
 - meets any other parameters / criteria as decided by the Board/Audit Committee.
- h) **'Policy'** means this Related Party Transaction Policy.

- i) **'Related Party'** has the same meaning as assigned to it under the Act and Clause 49 of the Listing Agreement, as amended from time to time.
- j) **"Related Party Transactions"** mean all transactions between the Company on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and/or Clause 49
- k) **'Stock Exchanges'** means the stock exchanges where equity shares of the Company are listed.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

4.1 Identification of related parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Clause 49 of the Listing Agreement

4.2 Identification of related party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Clause 49 of the Listing Agreement. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

4.3 Approval of Audit Committee

- a) All the Related Party Transactions shall require **prior** approval of the Audit Committee.
- b) The Audit Committee may grant omnibus approval for Related Party Transactions subject to the conditions as laid down under Clause 49 of the Listing Agreement, as amended from time to time.

- c) Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall abstain from discussion and voting.

4.4 Approval of Board of Directors

- a) The following Related Party Transactions which are not in the ordinary course of business or are in the ordinary course of business but are not Arm's Length Transactions shall require prior approval of the Board:
 - (i) sale, purchase or supply of any goods or materials;
 - (ii) selling or otherwise disposing of, or buying, property of any kind;
 - (iii) leasing of property of any kind;
 - (iv) availing or rendering of any services;
 - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (vi) such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or Associate Company; and
 - (vii) underwriting the subscription of any securities or derivatives thereof, of the Company.
- b) All the Material Related Party Transactions shall be considered and approved by the Board before placing them before shareholders for their approval except for those transactions that do not require approval under Section 177 and 188 of the Act; and are 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.
- c) Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

For the purpose of this Policy, wholly-owned subsidiary means a company whose 100% voting power, directly or indirectly, is controlled by another company i.e. holding company.

4.5 Approval of Shareholders

- a) Related Party Transactions set out in Clause 6 (a) above, which exceed the limits as prescribed under Section 188 of the Act read with Rule 15 of the Rules shall be placed for shareholders' approval by way of a special resolution. Any shareholder which is a Related Party in the context of the proposed Related Party Transaction shall abstain from voting on such resolution in terms of the provisions of the Act.

- b) Subject to the second proviso of Clause 49 (VII) (E), all Material Related Party Transactions shall be approved by the shareholders' and their approval will be sought by way of a special resolution. The Related Party (ies) shall abstain from voting, irrespective of whether the entity is a party to the particular transaction, on such resolution in terms of the provisions of the Listing Agreement.

4.6 Approval of Related Party Transactions

- a) To approve a Related Party Transaction, the Committee/ Board/ shareholders, shall be provided all relevant material information of the Transaction, including the terms, purpose of the transaction and such other details as required under the applicable law or by the Committee/Board, as the case may be. While approving a Related Party Transaction, the Committee/Board will consider the following factors, among others, to the extent relevant:
 - (i) Whether the terms on which Related Party Transaction proposed are fair and on arm's length basis to the Company;
 - (ii) Whether the Related Party Transaction would affect the independence of an independent director;
 - (iii) Whether the Related Party Transaction includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction; and
 - (iv) Whether the Related Party Transaction would present conflict of interest for any Director or KMP of the Company.

- (v) Whenever there is any doubt with regard to transaction(s) with Related Party(ies) and/or the applicable corporate governance requirements, the Audit Committee / Board shall be entitled to seek a legal opinion/clarification for the same.
- b) The Audit Committee/ Board shall consider all relevant facts and circumstances regarding a Related Party Transaction placed before it.
- c) In the event of any Director, KMP or any other employee become aware of any Related Party Transaction(s) that has been omitted to be approved by the Audit Committee/Board/Shareholders or is in deviation of this Policy, such person shall promptly notify the Company Secretary of such transaction, who shall ensure that such transaction is brought to the notice of the Audit Committee or the Board, as applicable, at the earliest.
- d) The Audit Committee / Board shall evaluate such transaction(s) and may decided necessary action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

5. DISCLOSURE

- a) In terms of the provisions of Section 134(3)(h) of the Act, Related Party Transactions requiring approval of Board/Shareholders under Section 188 of the Act shall be disclosed in the Board's Report along with the justification for entering into such Related Party Transactions.
- b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance clause 49 of the Listing Agreement.
- c) This Policy shall be disclosed on the website of the Company and a web link thereto shall also be provided in the Annual Report.
- d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.



6. POLICY REVIEW

- a) This Policy is based on the provisions of the Act and rules framed there under and as per the requirements of the Clause 49 of the Listing Agreement.
- b) In case of any changes in the provisions of the Act, the Listing Agreement or any other regulation which are inconsistent with the Policy, such amended provisions would prevail over the Policy.
- c) The Board is authorized to amend this Policy to be consistent with the prevailing provisions of the Act and Listing Agreement, which shall be placed before the Audit Committee and Board for their approval.

7. GENERAL

In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to the Chairman of the Committee/ Board. In all such matters, the interpretation and decision of the Chairman shall be final. The Company reserves the right to modify, cancel, add, or amend any clause of this Policy as set out above.
