



POLICY ON RELATED PARTY TRANSACTIONS



UKB ELECTRONICS LIMITED

I. OBJECTIVE

The Board of Directors of UKB Electronics Limited (the “**Company**”), has adopted this policy to regulate the Related Party Transactions in compliance with various applicable laws, including under the Companies Act, 2013 and the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended each from time to time.

II. DEFINITIONS

- (i) “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or reenactments thereof.
- (ii) “**Arm’s Length Basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (iii) “**Associate Company**” means associate company as defined in Section 2(6) of the Companies Act, 2013. Accordingly, “associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Explanation— for the purposes of this clause, “significant influence” means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.
- (iv) “**Audit Committee**” refers to the Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013 and SEBI Listing Regulations.
- (v) “**Board of Directors or “Board**” means Board of Directors of the Company.
- (vi) “**Company**” means UKB Electronics Limited.
- (vii) “**Control**” shall have the same meaning as defined in Section 2(27) of Companies Act, 2013. Accordingly, control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. Further as per Para 7 of Ind AS 110, an investor controls an investee if and only if the investor has all the following:
 - (a) Power over the investee;
 - (b) Exposure, or rights, to variable returns from its involvement with the investee; and
 - (c) The ability to use its power over the investee to affect the amount of investor’s returns.
- (viii) “**Holding Company**” means holding company as defined in Section 2(46) of the Companies Act, 2013. Accordingly, “holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies
- (ix) “**Key Managerial Personnel**” (KMP) means:
 - (a) Chairman and Managing Director, Managing Director, Chief Executive Officer or Manager;
 - (b) Company Secretary;
 - (c) Whole-Time Director;
 - (d) Chief Financial Officer;
 - (e) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (f) Any other person as prescribed by rules under Section 2(51) of the Companies Act, 2013.
- (x) “**Financial Year**” in relation to the Company means the period ending on the 31st day of March every year.
- (xi) “**Material Modifications**” means any modification to the existing Related Party Transaction which were approved by the Audit Committee or by the Board of Directors or Shareholders, as the case may be, during the year which has the effect of increasing or decreasing the value of such Related Party Transaction by 20% or more.
- (xii) “**Material Related Party Transaction**” means any transaction / transactions to be entered into individually

or taken together with previous transactions during a financial year exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a 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 listed entity.

- (xiii) **“Office or Place of Profit”** as per the Explanation (a) to Section 188 (1) of the Companies Act, 2013 means any office or place: -
- (a) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (b) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (xiv) **“Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:
- (a) 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;
 - (b) Historical practice with a pattern of frequency;
 - (c) Common commercial practice; or
 - (d) Meets any other parameters/criteria as decided by the Board/Audit Committee from time to time. Ordinary Course of Business includes but not limited to activities that are necessary, normal, and incidental to the business.
- (xv) **“Policy”** means the Policy on Related Party Transactions, including amendments, if any, from time to time.
- (xvi) **“Related Party”** means a related party as defined under the Act read with Regulation 2(1)(zb) of the SEBI Listing Regulations, as amended.
- (xvii) **“Related Party Transaction”** means such transactions as specified under the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations, including any amendment or modification thereof, as may be applicable
- (xviii) **“Relative”** means a relative as defined under the Act and Regulation 2(1)(zd) of the SEBI Listing Regulations, including any amendment or modification thereof, as may be applicable.
- (xix) **“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (xx) **“Transaction”** with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

Words and expressions used and not defined herein shall have the meaning respectively assigned to them under the Act, Listing Regulations or other applicable laws.

III. IDENTIFICATION OF RELATED PARTIES

1. In cases where the related party relationship is brought about through Directors, KMP or through their relatives, such related parties will be identified by the Company based on various statutory disclosures required to be made by Directors / KMPs. Directors and KMPs shall give adequate and timely disclosures to enable the Company to identify such related parties.
2. In cases where the related party relationship is brought about by shareholding or control exercised by the Company in another entity or vice versa, such related parties shall be identified based on such shareholding

or control.

3. Each Related Party shall promptly notify of any interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving them or their Relative together with additional information about the RPT that the Board or Audit Committee reasonably request.
4. The Company Secretary will maintain a complete list of all related parties which shall be updated as required. The list shall be provided to the functional departments concerned within the Company. The functional department shall ensure that any proposal to enter into any contract with a related party are intimated to the Company Secretary, in time, so that requisite approvals can be obtained.

IV. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

Audit Committee Approval

1. Every Related Party Transaction and subsequent Material Modification thereto shall be subject to the prior approval of the Audit Committee. Only those members of the Audit Committee who are independent director, shall vote on such approvals. The Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature and are in the ordinary course of business and on the Arm's Length basis, subject to the compliance of conditions contained in the Act and the SEBI Listing Regulations.
2. Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval/ ratification of such Related Party Transaction and subsequent Material Modification thereto and shall not be counted in determining the presence of quorum when such Transaction is considered. To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the SEBI Listing Regulations.
3. While considering any Related Party Transaction and subsequent Material Modification thereto, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.
4. For the aforesaid purpose, all Related Party Transactions must be reported to the Company Secretary and/or Compliance Officer who shall place the same before the Audit Committee in accordance with this Policy.
5. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:
 - (a) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - (b) the transaction is not material as per this Policy;
 - (c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - (d) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of SEBI Listing Regulations;
 - (e) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

6. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
7. The Audit Committee shall be provided such details as may be required to assess the RPTs including the information required to be provided as per the Companies Act, 2013 and Listing Regulations.

8. All Related Party Transactions and subsequent modifications shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transaction(s) proposed to be entered into by the company subject to the following conditions:

- (a) The Related Party Transaction proposed to be entered into with the Company or its subsidiary must be repetitive in nature and in ordinary course of business and at Arm's Length basis.
- (b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- (c) Such omnibus approval shall specify (ai) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ibi) the indicative base price/current contracted price and the formula for variation in the price if any and (ciii) 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, Audit Committee may grant omnibus approval for such transaction(s) subject to their value not exceeding Rs.1 crore per transaction.

- (d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company or its subsidiary pursuant to each of the omnibus approval given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- (f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company. Transaction(s), other than transactions referred to under Section 188 of the Companies Act, 2013 entered into between holding company and its wholly owned subsidiary or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Holding Company and placed before the shareholders at General Meetings for approval shall not require approval of the Audit Committee.

Notwithstanding the foregoing the following Related Party Transactions shall not require approval of Audit Committee or shareholders:

- (i) Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.
- (ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

Board Approval

- 1. All transactions specified under Section 188 of the Act shall require approval of the Board of Directors. However, no approval of the Board shall be required for transactions with related parties if such transactions are entered into by the Company in its ordinary course of business and on arm's length basis.
- 2. Approval of the Board shall also be required for Related Party Transactions which are intended to be placed before the shareholders for prior approval and such other transactions as referred to the Board by Audit Committee.

Shareholders' Approval

- 1. All the Material Related Party Transactions and subsequent Material Modification thereto shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions.
- 2. All the transactions, other than the Material Related Party Transactions, with the Related Party(ies) which

are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through a resolution if so required under any law and the Related Party(ies) with whom transaction is to be entered into shall abstain from voting on such resolution.

3. The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of 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 actions as the Audit Committee deems appropriate under the circumstances. A Director, if interested in any Related Party Transaction, shall not be present at the meeting, whether physically or through electronic mode, during discussions and shall not vote on such item.

V. DISCLOSURES

The Company shall make the necessary disclosures regarding this policy and Related Party Transactions in the annual report, as required pursuant to the Act, SEBI Listing Regulations and Indian Accounting Standards. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time and publish the same on its website.

VI. AMENDMENT

This Policy shall be reviewed by the Board of Directors periodically, at least once every three years or such other shorter period as the Board may decide, and if required be amended accordingly as may be deemed necessary (including based on recommendation(s) of the Audit Committee). In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("**Applicable Law**"), the provisions of Applicable Law shall prevail over this Policy.
