

UMIYA TUBES LIMITED

(CIN: U28112GJ2013PTC074916)

POLICY ON RELATED PARTY TRANSACTIONS

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(Revised by the Board of Directors at its meeting held on 14th January, 2022 effective from 1st April, 2022)

PREAMBLE:

The Board of Directors (the “Board”) of Umiya Tubes Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and SEBI (LODR) Regulations. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This policy is drafted to regulate the transactions between the Company and its related parties based on the applicable laws.

PURPOSE:

This policy is framed as per the provisions of Section 2(76), 184, 188, 189 of the Companies Act, 2013 and respective rules under the Companies (Meetings of Board and its Powers) Rules, 2014 as may be amended from time to time. Further this policy will also cover the requirements of SEBI (LODR) Regulations. This policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and its related parties. The regulation further requires that the Audit Committee of Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions

DEFINITIONS:

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013 and SEBI (LODR) Regulations.

“**Arm’s length transaction (‘ALP’)**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Board**” means Board of Directors of the Company.

“**Material Related Party Transaction**” In accordance with Regulation 23 of Listing Regulations, w.e.f. 01/04/2022 a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crores 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 or such other limit as may be specified in the applicable Regulation as amended from time to time..

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be consider material if the transaction(s) to be entered into individually or take together with previous transactions during a financial year, exceed five percent (or such other limit as may be specified in the applicable Regulation as amended from time to time) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Material Modification means 20% or more variation in the terms of existing approval given by the Company to the Related Party Transaction. However, any variation which is already covered by the existing terms of the approval already given by the Company shall not be regarded as Material Modification.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its regular business operations and activities, in furtherance of the Company’s business objectives, and includes all such activities, which the Company can undertake as provided in the Memorandum and the Articles of Association. The Board and the Committee may lay down principles for determining the ordinary course of business in 6 accordance with statutory requirements and other industry practices and guidelines.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party for the purpose of SEBI (LODR) Regulations which is as follows:

Entity shall be considered as related to the company if:

- i. such entity is a related party under Section 2(76) of the Companies Act,2013; or
- ii. such entity is a related party under the applicable accounting standards."

“Related Party Transaction or transactions” means a transaction involving a transfer of resources, services or obligations between:

(i) a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) a Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a 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.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS:

a) Identification of related parties

The Company has identified a list of related parties as prescribed under Section 2(76) of the Act read with the rules framed there under and SEBI (LODR) Regulations, 2015.

b) Identification of related party transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/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/Board has adequate time to obtain and review information about the proposed transaction.

The Compliance Officer shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of

1. All Directors and KMP;
2. All individuals, partnerships firms, companies and other persons as declared and updated by Directors and KMP;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Directors and KMP of the holding company or their Relatives;
6. All Group entities; and
7. Any other entity which is a Related Party as defined under section 2(76) of the Act read with 2(1)(zb) of the Listing Regulations.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary/Compliance Officer and Chief Financial Officer. The functional / Business Heads / Chief Financial Officer / Company Secretary / shall have access to the updated database.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

Related Party Transactions and subsequent material modifications will be referred to the next scheduled Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuses himself or herself and abstains from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction and subsequent material modifications, the Committee will be provided with all relevant material information of the Related Party Transaction, 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.

In determining whether to approve a Related Party Transaction and subsequent material modifications, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
- Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

OMNIBUS APPROVAL BY THE AUDIT COMMITTEE:

The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company.

The omnibus approval shall specify the following:

- a) Name of the related party
- b) Nature of the transaction
- c) Period of the transaction
- d) Maximum amount of the transactions that can be entered into
- e) Indicative base price / current contracted price and formula for variation in price, if any
- f) Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied /amended. Any proposed variations /amendments to these factors shall require a prior approval of the Audit Committee.

Further, where the need of the related party transaction cannot be foreseen and / or all prescribed details are not available, Audit Committee may grant omnibus approval subject to the value per transaction not exceeding Rs. One Crore.

Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of 1 year. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

APPROVAL OF THE BOARD AND THE SHAREHOLDERS:

The Board would approve such Related Party Transactions as are required to be approved under the Act and/or Listing Agreement and/or transactions referred to it by the Audit Committee.

Provided that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crores 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 or such other limit as may be specified in the applicable Regulation as amended from time to time.

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. Further, all Material Related Party Transactions shall require approval of shareholders of the Company through special resolution (unless it is exempted pursuant to the provisions of listing agreement) and all Related Parties shall abstain from voting on such resolution(s).

Accordingly, in terms of Regulation 23 of the Listing Regulations, all Material Related Party Transaction and subsequent material modifications as defined by the audit committee shall be recommended by the Board of Directors to the Shareholders for their approval by way of Ordinary Resolution.

Approval by Independent Directors

Only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with 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 Audit Committee under this Policy and failure of the internal control systems, and shall take any such action 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. 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.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:

Particulars of every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders and in case of transactions which are not at arm's length basis the justification for entering into such transaction and the date of passing Special Resolution for the purpose shall also be disclosed.

The Company shall disclose the policy on dealing with Related Party Transaction on its website and a web link thereto shall be provided in the Annual Report. The Company shall make due disclosures to Stock Exchanges as stipulated in the Listing Regulations.

AMENDMENTS TO THE POLICY:

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.