

Policy on dealing with Related Party Transactions

1. Preamble

The Board of Directors (“the Board”) of Universal Arts Ltd (“the Company”) has adopted the following Policy for the Related Party Transactions (“RPTs”) pursuant to the provisions of Memorandum and Articles of Association of the Company, Sections 177, 188 and other applicable provisions of the Companies Act, 2013 (“the Act”) and Rules framed thereunder and the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI LODR) as amended from time to time. The Board has considered the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“RPT”).

2. Purpose

This Policy is framed to ensure the proper identification, approval, monitoring and reporting of transactions between the Company and its Related Parties. Normally the Company enters into transactions with the Related Parties in the normal course of business and on arm’s length basis. However, in exceptional cases, if the transactions are either not in the normal course of business or not on arm’s length basis, they can still be entered into by the Company subject to this policy document.

Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders.

3. Applicable Laws

This policy is subject to the provisions of:

- 3.1. the Companies Act, 2013 and the Rules | Regulations made thereunder
- 3.2. the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.3. any other law as may apply from time to time

4. Definitions

4.1. “Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Act and the SEBI LODR.

4.2. “Board of Directors” means the “Board of Directors” of Universal Arts Limited.

4.3. “Company” means Universal Arts Limited.

4.4. “Key Managerial Personnel” or KMP means key managerial personnel as defined under the Act, 2013 and includes: -

4.4.1. Managing Director (MD), or Chief Executive Officer (CEO) or Manager and in their absence, a WholeTime Director (WTD);

4.4.2. Company Secretary (CS);

4.4.3. Chief Financial Officer (CFO);

4.4.4. 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

4.4.5. Such other officer as may be prescribed.

4.5. “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.

4.6. “Material Related Party Transaction” means a transaction with a related party if the transaction transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 % of the annual consolidated turnover of the company as per the last audited financial statements of the company .Provided 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 2 % of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

4.7. “Ordinary course of business” would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association.

4.8. “Policy” means policy on materiality of RPTs and also on dealing with RPTs, as amended from time to time.

4.9. “Related Party” means a related party as defined under the Act or rules made thereunder and the SEBI LODR as amended from time to time.

4.10. Related Party Transaction” means a related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations read with amendments issued from time to time which is as follows:

Section 2(1) (zc) of the Listing Regulations

“Related Party Transaction” means transfer of resources, services or obligations between a listed entity and a related party, 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:

(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) 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

4.11. “Relative” means a relative as defined under the Act and the SEBI LODR.

4.12. “Company Secretary (CS)” means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of a Company Secretary under the Act.

4.13. “Managing Director” means Managing Director as defined in Section 2(54) of the Act.

4.14. “Whole-time Director” means Whole-time Director as defined in Section 2(94) of the Act.

4.15. “Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

4.16. “Core Committee” means an internal committee of the company executives set up by the Chairman and Managing Director. Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5. Identification of Related Parties

5.1. Once a year, declarations will be obtained by the Company Secretary (CS) from the Directors and KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and Regulation 23 of the SEBI LODR in the prescribed format.

5.2. The declarations will also be updated by the Directors and KMP regularly immediately upon a change taking place.

6. Transactions with wholly owned subsidiary companies

Prior approval of the Audit Committee will not be required in case of transactions entered into between the Company and its wholly owned subsidiary company whose accounts are consolidated with the accounts of the Company and placed before the Shareholders at the general meeting for approval.

7. Processes for dealing with Related Party Transactions

a. All related party transaction(s) / Agreement(s) and subsequent material modifications shall require prior approval of Audit Committee (provided that only those members who are independent directors shall approve the transactions) or the Board or the shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations or any other applicable law.

'Material modification' has been defined by the Audit Committee to mean any modification in a related party transaction resulting in change in the contract / transaction value by 50% or more of the respective contract / transaction.

b. All Related Party transaction(s) / Agreement(s) shall be tested / justified for determination of whether the transaction(s) is in the ordinary course of business and on an arm's length basis including the applicable transfer pricing requirements or other globally accepted practices, duly certified by an independent chartered Accountant or any external agency of repute.

8. Amendment

The Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or Listing Regulations or any applicable law for the time being in force.

9. Review

This policy shall be reviewed by the Board as per applicable provisions of the Act or Listing Regulations or any other Law.