

UNIPHOS ENTERPRISES LIMITED

Related Party Transactions Policy

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1. Introduction

The Board of Directors (the “Board”) of UNIPHOS ENTERPRISES Ltd. (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions (“Related Party Transaction (RPT) Policy”), in line with the requirements of Section 188 of Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as ‘The Act’) and Revised Clause 49 of the Listing Agreement on Corporate Governance and subsequent amendments thereto (hereinafter referred to as ‘RC 49’).

The Audit Committee will review and may amend this policy from time to time.

2. Purpose

The objective of this policy is ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. Applicability and governing law

The RPT Policy will be applicable to the Company with respect to all Related Party Transactions covered within the scope of Section 188 of the Act and / or Revised Clause 49 of the Listing agreement.

Existing contracts entered into by the Company (after making necessary compliances under section 297 of the Companies Act, 1956) which already came into effect before the commencement of Section 188 of the Companies Act, 2013, will not require fresh approval under the said section 188 (from the board or members, as the case may be) till the expiry of the original term of such contracts. However, if any modification in such contract is made on or after 01st April, 2014, the requirements under Section 188 will have to be complied with.

All existing material related party contracts or arrangements as on the date of the SEBI Circular (CIR/CFD/POLICY CELL/2/2014) dated April 17, 2014 which are likely to continue beyond March 31, 2015 shall be placed for approval of the shareholders in the first General Meeting subsequent to October 01, 2014.

This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Clause 49 of the Listing Agreement or such other Rules/Regulations, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Key Definitions

“Audit Committee” means Committee of Board of Directors of the Company constituted under provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

“Board of Directors” or **“Board”** in relation to a Company means the collective body of the directors of the Company.

Key Managerial Personnel in relation to a Company means

- i. the Chief Executive Officer, or the Managing Director or the Manager;

- ii. the Company Secretary;
- iii. the Whole-time director;
- iv. Chief Financial Officer; and
- v. such other officer as may be prescribed under the Companies Act, 2013.

“Material Related Party Transaction” is a transaction with a Related Party which shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Related Party definition as per Companies Act:

“Related Party”, with reference to a Company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013;

Related Party definition as per RC 49:

“Related Party”, with reference to a Company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013; or an entity that is a related party under the applicable accounting standards.

“Related Party Transaction” means

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose of RC 49, any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Relatives” with reference to any person shall have the meaning as defined in Section 2(77) of the Companies Act, 2013 read with clause 4 of The Companies (Specification of definition details) Rules, 2014.

A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract."

5. Policy on related party transactions

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

5.1. Identification of potential 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/her or his/her relative, 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.

Procedure for identification of potential related parties

The Company Secretary or the Compliance Officer (as the case may be) shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in the Key Definition section above, along with their personal/company details including any revisions therein.

5.2. Approval of Related Party Transactions

5.2.1. Prior approval of Audit Committee

All Related Party Transactions of the Company as prescribed under the Act and RC 49 shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions set forth in clause 49 of the Listing Agreement.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

5.2.2. Prior approval of Board of Directors under Companies Act 2013

Transactions with the related parties (as defined under Companies Act 2013) within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors.

In the above context, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.2.3. Shareholders' approval requirements:

Shareholder's approval shall be sought in the following cases as per the requirements of Companies Act 2013:

- Transactions with the related parties (as defined under Companies Act 2013) covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'arm's Length Basis' and exceeds the threshold under section 188 of the Companies Act 2013 shall also require prior approval of the shareholders through special resolution.

No member of the Company shall vote in a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

Shareholder's approval shall be sought in the following cases as per the requirements of RC 49:

- All Material Related Party Transactions covered within the scope of RC 49 shall require approval of the shareholders through special resolution. For this purpose, all entities falling under the definition of related parties (as defined under RC 49) shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

However, the above shall not be applicable to transactions between UNIPHOS ENTERPRISES LIMITED and its wholly owned subsidiary whose accounts are consolidated with UNIPHOS ENTERPRISES LIMITED and placed before the shareholders at the general meeting for approval.

5.2.4. 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 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 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 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.

5.3. Disclosure of Related Party Policy

This policy shall also be uploaded on the website of the Company at www.uelonline.com and a weblink thereto shall be provided in the Annual Report of the Company.