



**UV Asset Reconstruction Company Limited
(UVARCL)**

Related Party Transaction Policy

**Approved by the Board of Directors in its Board meeting held on October 03, 2024.*

INTRODUCTION

UVARCL recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 including any modifications/ amendments thereof.

The objective of this policy is to regulate transactions between the Company and its Related Parties based on the Companies Act 2013, and other laws and regulations applicable to the Company. The policy shall be deemed to be amended to the extent of any modification in any term, scope or applicability with effect from the date such changes are made in applicable law or regulation.

SCOPE

The scope and purpose of this document is to define and establish a policy for conflicts of interest, related party transactions and outside interest.

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. In order to avoid conflicts of interest, the Company has adopted the Policy which will help to identify situations that may give rise to potential conflicts of interest or appearance of conflicts.

It is applicable to all directors, key managerial personnel (KMP), and any other person/entity deemed as a related party under applicable laws.

This Policy sets a minimum standard that must be followed. Where applicable laws, regulations or rules impose a higher standard, that higher standard must be followed.

DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 read with the rules thereto, and as may be amended from time to time.

“**Board**” means the board of directors of the Company.

“**Key Managerial Personnel**” or “**KMP**” shall mean the officers/employees of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.

“**Relative**” with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder.

“**Related Party**” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, rules prescribed thereunder.

“**Related Party Transaction**” means any contract or arrangement between the Company and any Related Party for:

- a) Sale, purchase, or supply of any goods or materials;
- b) Selling or otherwise disposing of, or buying property of any kind;
- c) Leasing of property of any kind;
- d) Availing or rendering of any services;
- e) Appointment of any agent for the purchase or sale of goods, materials, services, or property;
- f) Such related party's appointment to any office or place of profit in the Company, its subsidiary company, or associate company;
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

“**Director**” means a person as defined in Section 2(34) of the Companies Act, 2013.

“**Audit Committee**” means the Committee of the Board formed under section 177 of the Act.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities Contracts (Regulation) Act, 1956 or any other applicable regulation.

RELATED PARTY TRANSACTIONS

A. Manner of dealing with Related Party Transactions

The Company is required to ensure that the transactions which are identified as Related Party Transactions under this Policy are handled with complete transparency to avoid any Conflict of Interest, and uphold high standards of integrity and governance. Therefore, the Company is required to ensure that all the Related Party Transactions are at arm's length (defined hereunder) and in ordinary course of business (defined hereunder).

In this regard, “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.

The expression “ordinary course of business” means the usual transactions, customs, and practices undertaken by the Company to conduct its business operations and activities as

per the memorandum & articles of association of the Company.

B. Identification of Related Parties

- All Directors/KMP are required to disclose the parties in which they are interested/deemed to be interested in prescribed form at the time of their appointment, annually and whenever there is any change.
- Further, each Director and KMP of the Company shall promptly notify the Secretarial Department of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest or of any potential RPT involving themselves or their relatives, as per applicable laws. The Company shall also maintain a database of related parties based on disclosures made by directors and KMPs.

C. Approval Process for Related Party Transactions

i. Audit Committee Approval

- All RPTs must be presented before the Audit Committee for prior approval.
- The Audit Committee shall review the material terms of the RPT, including the business rationale, pricing, and fairness, to ensure the transaction is conducted at arm's length.
- For any RPT not in the ordinary course of business or not on an arm's length basis, approval from the Board and, if necessary, the shareholders, shall be sought.

ii. Board of Directors Approval

- Any RPT requiring Board approval under Section 188 of the Companies Act, 2013, shall be presented to the Board, with appropriate justifications and analysis of the transaction.
- The Board shall also evaluate the risks associated with the transaction and the impact on the Company's interests.

iii. Shareholders' Approval

- Where the RPT exceeds the prescribed thresholds under the Companies Act, 2013, and other applicable rules, the approval of shareholders shall be obtained through a Special Resolution.
- No related party shall vote on any resolution pertaining to a transaction in which they are interested.

D. Ratification

Any Related Party Transaction which requires approval of the Board or shareholders as set out above, but entered into without obtaining such prior approval, may, subject to applicable provisions of the Act, be subsequently ratified by the Board or shareholders, as applicable.

If the Board or shareholders, as the case maybe, decide not to ratify a particular transaction, as set out above, that has already commenced or concluded, it may require the Related Party to reimburse the benefits which might have accrued and/or indemnify the Company with regard to the subject Related Party Transaction.

E. Disclosures

- The Company shall disclose RPTs as required under applicable laws in the financial statements, Board's report, and to the relevant authorities.
- Details of material RPTs shall be disclosed to shareholders, as per statutory requirements.
- Any material modifications to the terms of an RPT shall also be disclosed and approved in line with this policy.
- Adequate disclosures of all related party transactions shall be made to the Audit Committee, shall be provided in the Annual Report as per the Act.
- Any officer or employee, can access / approach the vigil mechanism or Compliance Officer to report a fraudulent related party transaction.

F. Review of the Policy

The Board of Directors of the Company reserves the right to amend or modify this policy in whole or in part at any time, subject to compliance with applicable laws. Any such amendment or modification shall be presented for approval to the Audit Committee and the Board of Directors.

The adequacy of this Policy shall be reviewed by the Board at least annually, and appropriate updates to the Policy will be made, as and when required, based on the changes that may be brought about, due to any regulatory amendments or otherwise.

G. Effective Date

This policy shall be effective from the date of approval by the Board of Directors.