



UPL LIMITED

POLICY ON RELATED PARTY TRANSACTIONS (Approved by the Board of Directors on 31st January 2022 and is effective from 1st April 2022)

1. REGULATORY FRAMEWORK

- i. This policy (“the **Policy**”) of UPL Limited (“the **Company**”) has been framed and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”) and the Companies Act, 2013 (“the **Act**”) read with rules framed thereunder. Amendments, to the Policy, if any, from time to time, shall be considered by the Board of Directors of the Company (“the **Board**”) based on the recommendations of the Audit Committee.
- ii. Regulation 23 of SEBI LODR requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and criteria of material modifications of the same. In view of the above, the Company has framed this Policy on Related Party Transactions
- iii. The Board on recommendation of the Audit Committee of the Company (“**Audit Committee**”) shall review the Policy once in three years and may amend the same from time to time.

2. OBJECTIVE OF THIS POLICY

The objective of this Policy is to ensure that proper reporting, approval and disclosure processes are in place for all Related Party Transactions between the Company and Related Parties. The policy sets out the process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

3. DEFINITIONS

- 3.1 “**Arm’s Length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 3.2 “**Audit Committee**” means a Committee of the Board.
- 3.3 “**Associate Company**” shall have the same meaning as defined under the Act.
- 3.4 “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.
- 3.5 “**Key Managerial Personnel (KMP)**” shall have the same meaning as defined under the Act.
- 3.6 “**Holding Company**” shall have the same meaning as defined under the Act.
- 3.7 “**Material Related Party Transaction**” shall have the same meaning as explained in Regulation 23 of the SEBI LODR.
- 3.8 “**Ordinary Course of Business**” means a transaction:
 - i. which is carried out in the normal course of business and can reasonably be envisaged in accordance with the objects under Memorandum of Association (‘MOA’) of the Company as amended from time to time, or
 - ii. which is undertaken in connection with or furtherance of regular business activities of the Company, or
 - iii. which is frequent over a period of time or, if not frequent, are commonly undertaken to attaining the business objectives of the Company, or



UPL LIMITED

- iv. wherein the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or
- v. which is incidental to or in connection with the industry in which the Company operates or part of standard industry practice, or
- vi. meets any other parameters/criteria as decided by the Board/Audit Committee.

This is not an exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

3.9 "Related Party" means a person or an entity as defined under–

- i. section 2 (76) of the Act;
- ii. regulation 2(1)(zb) of the SEBI LODR; or
- iii. applicable Accounting Standards

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other authorities from time to time on the interpretation of the term "Related Party".

3.10 "Related Party Transaction (RPT)" shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI LODR read with Section 188(1) of the Act and applicable Accounting Standards.

3.11 "Relative" with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Rule 4 of Companies (Specification of Definition Details) Rules, 2014 and the amendments made thereunder from time to time.

3.12 "Subsidiary Company" or "Subsidiary", shall have the meaning as defined under the Act.

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

Any other term not defined herein shall have the same meaning as defined in the Act or Rules made thereunder, SEBI LODR, applicable Accounting Standards or any other law or regulation applicable to the Company.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

4.1 All the Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other Companies, firms or concerns at the time of their appointment, at the beginning of every financial year and any change in such interest during the year. In addition, all the Directors and KMPs are responsible for providing notice to the Company Secretary of any potential RPT involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

4.2 The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.

4.3 Notice of any potential RPT shall be provided well in advance to the Audit Committee so that it has adequate time to review the proposed Transaction.

4.4 The Compliance Officer shall maintain a database of Company's Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.



UPL LIMITED

5. APPROVAL OF RELATED PARTY TRANSACTIONS

5.1 Approval of the Audit Committee

5.1.1 All RPTs, and subsequent material modifications shall require prior approval of the Audit Committee.

5.1.2 RPTs where subsidiary is a party, but the Company is not a party subject to the threshold limits as specified under SEBI LODR.

5.1.3 The Audit Committee in consultation with Board shall lay down the criteria for granting the omnibus approval and material modification to a transaction in line with this Policy.

5.1.4 Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, subject to the following conditions, namely –

- i. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company. Provided that where the need for RPTs cannot be foreseen and required details are not available, the Audit Committee may grant an omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- ii. Such omnibus approval shall be based on the criteria specified in Clause 6.1 of this Policy.
- iii. The omnibus approval of the Audit Committee shall be valid for a period of one year and shall require fresh approval after the expiry of one year.
- iv. In case the Audit Committee does not approve any transaction, then it shall make its recommendations to the Board.

5.1.4 The Audit Committee shall review the status of long-term (more than one year) or recurring RPTs on an annual basis and RPTs entered by the Company pursuant to each of the omnibus approval given on a quarterly basis.

5.1.5 Any member of the Audit Committee who (or whose Relative) is concerned or interested in any potential RPTs, shall not be present at the meeting or shall abstain from discussion of such Related Party Transaction. Only Independent Directors who are members of the Audit Committee shall approve RPTs.

5.2 Approval of the Board of Directors

5.2.1 The following transactions shall require prior approval of the Board:

- i. Transactions which are not in the Ordinary Course of Business or not at arm's length price or which exceeds the threshold limits as specified under the Act and are required to be placed before the shareholders for approval.
- ii. Material Related Party Transactions i.e. the transactions which exceeds the threshold limits as specified under SEBI LODR and are required to be placed before the shareholders for approval.
- iii. Transactions which the Audit Committee refer to the Board for approval.
- iv. Transactions in which the Directors or the Key Managerial Personnel, are concerned or interested.

5.2.2 The Company may, if it considers necessary and shall, if the Audit Committee or Board so requires, seek external professional opinion to determine whether a Related Party Transaction is in the Ordinary Course of Business and/ or at Arms' Length price.

5.2.3 Any Director who (or whose Relative) is concerned or interested in any potential Related Party Transaction shall not be present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction.



UPL LIMITED

5.3 Approval of the Shareholders of the Company

- a. All Material Related Party Transactions and subsequent material modifications thereof or transactions including brand usage / royalty payments which crosses the thresholds as prescribed under the Act / SEBI LODR shall require prior approval from the shareholders.
- b. Provided that the approval of shareholders of the Company shall not be required for transactions entered into with wholly owned subsidiaries or between wholly owned subsidiaries whose accounts are consolidated with the Company.
- c. No Related Party shall vote to approve such resolution whether the entity is Related Party to the particular transaction or not to the extent it is so specified in Act and SEBI LODR.

6. MATERIAL CHANGE IN THE MATERIAL RELATED PARTY TRANSACTIONS

The Audit Committee shall consider the following as material modification to an RPT:

- 6.1 As regards related party transactions approved by the Audit Committee, any modification would be considered to be a material modification requiring approval of the Audit Committee, except where the change is necessary to keep the price at arm's length or for compliance with provision of any applicable law.
- 6.2 Any modification in a material related party transaction approved by shareholders shall be considered to be a 'material modification' requiring approval of the shareholders to such modification under the following circumstances-
 - a. Change in the parties interested in the concerned RPT or change in shareholding of the related party amounting to creation of direct /indirect interest of another related party. However, any change which is part of internal group restructuring, such a way that there is no change in ultimate beneficial owner of the related party, shall not be considered as material modification.
 - b. Any change in price by more than 10% shall be considered material. Any price adjustment that is necessary for meeting arm's length criteria shall not be considered as material modification. As regards transactions with promoters/directors/their relatives/entities under their control, any change in principal terms approved by shareholders shall be considered to be a material change.
 - c. As regards transactions of loan /financial assistance, any proposal of waiver of full /part of interest or principal amount or extension of period of repayment on the terms and condition which are not commensurate with the principal terms approved by the shareholders, except where it is with/ amongst wholly-owned subsidiaries and get eliminated upon consolidation.
 - d. Extension of period of RPT by more than 6 months than the original tenure, provided however that extension upto 6 months, shall be on the same lines as the existing price/terms of the transaction/s approved by the shareholders
- 6.3 In compliance to the approval of the Board of Directors, the Audit Committee of the Company shall specify criteria for granting omnibus approval based on the following:
 1. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year.
 2. The maximum value per transaction per entity which can be approved under omnibus route.
 3. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
 4. The transactions undertaken pursuant to omnibus approval shall be reviewed by the Audit Committee on a quarterly basis.



UPL LIMITED

6.4 Transactions of following nature will not be subject to the omnibus approval of the Audit Committee:

- i. Transactions which are not at arm's length or not in the Ordinary Course of Business.
- ii. Transactions which are not repetitive in nature (in past or in future).
- iii. Transactions in respect of selling or disposing of an undertaking of the Company.
- iv. Transactions which require shareholders' approval.
- v. Financial Transactions e.g. Loan to Related Parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the Related Parties, corporate guarantee given/received from Related Parties.

6.5 While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board may review the following documents/seek *inter alia* the following information from the management in order to determine if the transaction is in the Ordinary Course of Business and at arm's length or not:

- i. Name of the Related Party, nature of its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- ii. Nature, duration of the contract and particulars of the contract or arrangement;
- iii. Type and Material terms of the contract or arrangement including the value;
- iv. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- v. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - a. details of the source of funds in connection with the proposed transaction;
 - b. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- vi. Justification as to why the RPT is in the interest of the Company;
- vii. A copy of the valuation or other external party report, if any;
- viii. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- ix. For transactions requiring omnibus approval:
 - Maximum amount of transaction that can be entered into during the financial year.
 - Indicative base price / current contracted price and the formula for variation in the price, if any.
- x. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- xi. Any other information relevant or important for the Board/Audit Committee to take a decision on the proposed transaction.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

7.1 In the event the Company becomes aware of any Related Party Transaction that has not been approved under this policy prior to its consummation, the matter shall be reviewed by the Audit Committee.



UPL LIMITED

- 7.2 The Audit Committee shall consider all 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.
- 7.3 The Audit 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 as it deems appropriate.
- 7.4 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.
- 7.5 In connection with any review/ approval of a Related Party Transaction, the Audit Committee has the authority to modify or waive any procedural requirements of this policy.
- 7.6 The provisions of this policy shall not be applicable to transactions entered into between the Company and its wholly owned subsidiary or to the transactions entered into between two wholly-owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

8. TRANSACTIONS COVERED UNDER OTHER PROVISIONS IN LAW / APPROVED BY SEPARATE COMMITTEES

The transactions or arrangements which are specifically dealt under the separate provisions of the law and executed under separate approvals/procedures from relevant competent authority or Committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:

- i. Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval, except any special benefit given to such person.
- ii. Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval except any special benefit given to such person.
- iii. Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders approval including ESOPs.
- iv. Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares which is in line with Board approved plan.
- v. Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

The following shall not be treated as a RPTs:

- i. Issue of specified securities on a preferential basis, subject to the compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- ii. Corporate actions such as payment of dividend, subdivision, consolidation, issuance of securities by way of rights or bonus issue and buyback of securities.
- iii. Any transaction which has been specifically excluded under the Act or SEBI LODR to the extent provided therein.



UPL LIMITED

9. DISCLOSURE REQUIREMENTS

- 9.1** This policy shall be uploaded on the website of the Company and a weblink thereto shall be provided in the Board's Report.
- 9.2** The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act, if any, with Related Parties, which are not in Ordinary Course of Business or arm's length basis along with the justification for entering into such transaction. The Company shall also disclose in its Annual Report, details of RPTs of the Company and its subsidiaries relating to Loans and advances which are in the nature of loans to firms/companies in which directors are interested.
- 9.3** The Company shall submit disclosures of Related Party Transactions to the Stock Exchange, in the format as specified by SEBI from time to time and publish the same on its website.

10. LIMITATION AND AMENDMENT

- 10.1** In the event of any conflict between the provisions of this policy and of the Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions of such Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, shall prevail over this policy.
- 10.2** Any subsequent amendment / modification in SEBI LODR, Act and/ or applicable laws in this regard shall automatically apply to this policy and the Company Secretary is authorized to make such amendment / modification to this policy in consultation with the Managing Director.
