

UTIQUE ENTERPRISES LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

INTRODUCTION AND BACKGROUND

Utique Enterprises Limited ("the Company") 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's and its stakeholders' best interests.

The Board of Directors ("the Board") of the Company has approved this Policy and has subsequently modified and renamed it as "Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions" ("the Policy") as required by Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

SCOPE AND INCLUSION

This Policy sets definition of materiality of related party transactions and dealing with related party transactions.

TERMS AND REFERENCES

a. Related Party Transaction:-

"Related Party Transaction" means related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations as amended from time to time.

b. Related Party Transaction(s) of the Company:-

Related Party Transaction(s) where the Company is a party to the transaction(s)/ contract(s)/ arrangement(s) with a related party.

c. Related Party Transaction(s) of the Subsidiary:-

Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s)/contract(s)/arrangement(s) with a related party but the Company is not a party.

d. Materiality of Related Party Transactions:-

Contracts/arrangements with a related party shall be considered as material related party contracts/arrangements if the transactions to be entered into individually or taken together with previous transactions during a financial year under such contracts/arrangements exceed Rs.1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower, or such sum or limit as may be prescribed under the Listing Regulations and as amended from time to time.

A transaction involving payments made to related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such sum or limit as may be prescribed under the Listing Regulations, as amended from time to time.

e. Material Modifications:-

Material modifications in relation to the Related Party Transaction(s) shall mean any change/variation/modification in an existing related party transaction/ contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 10% or Rs.50 crore, whichever is higher.

f. Subsidiary:-

"Subsidiary" means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013 ("the Act").

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

POLICY

- a. All Related Party Transaction(s) shall be entered on arms' length basis.
- b. In exceptional circumstances, where permitted by law, Related Party Transaction(s) may deviate from the principle of arm's length, after approval from Audit Committee and the Board of Directors, as the case may be.
- c. In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee and / or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.
- d. All Related Party Transaction(s) shall be in compliance with the provisions of the Act, Listing Regulations and applicable Accounting Standards, as amended from time to time.
- e. All domestic related party contract / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under Section 92BA of the Income-tax Act, 1961 including certification from Independent Accountants under the Transfer Pricing Regulations.
- f. All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under Section 92B of the

Income-tax Act, 1961 including certification from Independent Accountants under the Transfer Pricing Regulations.

APPROVAL

- a. All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.
- b. All Related Party Transaction(s) of the Subsidiary exceeding the threshold as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

AMENDMENT

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Acts/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

REVIEW

This Policy may be reviewed by the Audit Committee and the Board of Directors as and when required.

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