

UFO MOVIEZ INDIA LIMITED

(CIN:U22120DL2004PLC164728)

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POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble:

The Board of Directors (the “**Board**”) of UFO Moviez India Limited (the “**Company**”) has adopted this Policy on Related Party Transactions, which includes the materiality threshold and the manner of dealing with Related Party Transactions (this “**Policy**”), upon the recommendation of the Audit and Risk Management Committee of the Company, in compliance with the requirements of Section 188 of the Companies Act, 2013, rules made thereunder and other rules and regulations as may be applicable upon listing of the securities of the Company. Amendments, from time to time, to this Policy, if any, shall be considered by the Board based on the recommendations of the Audit and Risk Management Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. Objective:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Definitions:

“**Audit and Risk Management Committee**” or the “**Committee**” means the committee of the Board of Directors of the Company constituted from time to time under the provisions of Section 177 of the Companies Act, 2013 and other rules and regulations as may be applicable upon listing of the securities of the Company.

“**Board**” has the meaning given to it under the Companies Act, 2013.

“**Companies Act, 2013**” means the Companies Act, 2013 and the rules thereunder, as amended.

“**Key Managerial Personnel**” has the meaning given to it under the Companies Act, 2013.

“**Listing Agreement**” means the listing agreement entered into/to be entered into by the Company with the stock exchanges, as amended.

“**Material Related Party Transaction**” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.

“**Related Party**” has the meaning given to it under the Companies Act, 2013 read with Clause 49 of the Listing Agreement. An entity shall be considered as related to the Company if: (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under the applicable Accounting Standards.

“**Related Party Transaction**” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- 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; and
 - g) underwriting the subscription of any securities or derivatives thereof, of the Company;
- (The above is an indicative list and not an exhaustive one).

“**Relative**” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a) Members of a Hindu undivided family;
- b) Husband or wife;
- c) Father (including step-father);
- d) Mother (including step-mother);
- e) Son (including step-son);
- f) Son's wife;
- g) Daughter;
- h) Daughter's husband;
- i) Brother (including step-brother); or
- j) Sister (including step-sister).

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

The terms Director, Chief Financial Officer and Company Secretary shall have the same meaning as assigned under the Companies Act, 2013.

4. Policy:

The Audit and Risk Management Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit and Risk Management Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

4.1 Identification of Related Parties and Related Party Transactions:

Every Director and Key Managerial Personnel of the Company will be responsible for providing MBP-1 or any other form of disclosure as may be prescribed containing the following information to the Company Secretary on an annual basis:

- a) Names of his / her Relatives;
- b) Partnership firms in which he / she or his / her Relative is a partner;
- c) Private Companies in which he / she is a member or Director;
- d) Public Companies in which he / she is a Director and holds along with his/her Relatives more than two per cent (2%) of paid up share capital;
- e) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- f) Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible for updating the Company Secretary of any changes in the above relationships, directorships, shareholdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Company Secretary shall be responsible for maintenance of an updated database of information pertaining to Related Parties reflecting details of:

- a) All Directors and Key Managerial Personnel of the Company;
- b) All individuals, partnership firms, companies and other persons as declared and updated by the Directors and Key Managerial Personnel of the Company;
- c) Company's holding company, subsidiary companies and associate companies;

- d) Subsidiaries of holding company;
- e) Director or Key Managerial Personnel of the holding company or their Relatives; and
- f) Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer / Company Secretary shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional / Business heads, Chief Financial Officer of the Company will be responsible for providing prior intimation to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the intimation of the proposed transaction are provided in **Annexure-I** to this Policy.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential Related Party Transaction to any external legal / transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit and Risk Management Committee. Based on this notice, the Company Secretary will take it up for necessary approvals under this Policy.

4.2 Review and approval of Related Party Transactions:

All Related Party Transactions shall be subject to the prior approval of the Audit and Risk Management Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee or the Board, as the case may be, who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting, shall abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered. For the purposes of ascertaining whether a Related Party Transaction is on an arm's length basis or not, the definition of arm's length transaction as expressed in Section 188 of the Companies Act, 2013 shall be applicable.

4.2.1 Consideration by the Committee in approving the proposed Transactions:

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company, and any other relevant matters.

Prior to the approval, the Committee shall consider, inter-alia, the following factors to the extent relevant to the transaction:

- a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall also take into consideration subsequent events (i.e., events after the initial transactions have commenced) such as evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, that may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

4.2.2 Approval by circular resolution of the Committee:

In the event the Company's management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

4.2.3 Approval by the Board:

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances. The agenda of the Board meeting at which

the Related Party Transaction is proposed to be considered shall disclose the matters required by the Companies Act, 2013.

4.2.4 Standing pre-approval / omnibus approval by the Committee:

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval, the Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a) Name of the related party
- b) Nature of the transaction
- c) Period of the transaction
- d) Maximum amount of the transactions that can be entered into
- e) Indicative base price / current contracted price and formula for variation in price, if any
- f) Such other conditions as the Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the Related Party Transaction cannot be foreseen and all prescribed details are not available, the Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Committee for ratification.

The omnibus approval shall be valid for a period not exceeding one year and fresh approval shall be obtained after the expiry of one year. Further, the Committee shall on a quarterly basis, review the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

Further, the Committee shall on an annual basis, review and assess all Related Party Transactions, including the limits, to ensure that they are in compliance with this Policy.

4.2.5 Approval of Material Related Party Transactions:

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

4.2.6 Transactions not in ordinary course of business or not at arm's length:

- a. All Related Party Transactions specified in the Companies Act, 2013, which are not in the ordinary course of business or not at arms' length shall require the prior approval of the Board
- b. All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the ordinary course of business or not at arms' length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution. The explanatory statement to be annexed to the notice of the general meeting shall contain the details required by the Companies Act, 2013.

4.2.7 Related Party Transactions not previously approved:

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy and applicable law for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances. The Committee or the Board shall also examine the facts and circumstances pertaining to the failure to report such Related Party Transaction under this Policy and failure of internal control systems, and shall take any such action as it deems appropriate.

In any case where either the Committee or the Board determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or the Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, subject to applicable law, the Committee or the Board has authority to modify or waive any procedural requirements of this Policy.

4.2.8 Consequences of non-compliance with this Policy:

Any Director or other employee of the Company who had entered into or authorised any contract or arrangement in violation of this Policy, the Companies Act, 2013, the Listing Agreement or any other applicable law or regulation may be subject to such disciplinary proceedings as the Board may decide and penal consequences as prescribed by law.

4.3 Disclosure and reporting of Related Party Transactions:

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. Upon listing of the equity shares of the Company on the stock exchanges, details of all Material Related Party Transactions shall be disclosed to the stock exchanges on a quarterly basis along with the compliance report on corporate governance. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

5. Scope limitation:

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments or rules, the provisions of the Listing Agreement / Companies Act, 2013 or statutory enactments or rules shall prevail over this Policy.

6. Dissemination of Policy:

This Policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.

ANNEXURE 1

INFORMATION TO BE PROVIDED TO THE AUDIT AND RISK MANAGEMENT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc., if any.
8. Applicable statutory provisions, if any;
9. Justification as to the arm's length nature of the proposed transaction and benchmarking information that may have a bearing on the arm's length basis analysis such as market analysis, research reports, industry trends, business strategies, financial forecasts, third party comparables, valuation reports, price publications, management assessments and comparative analysis of similar transactions undertaken by the Company;
10. Declaration whether the transaction is in the ordinary course of business;
11. 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
12. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.
