



**UNITED BREWERIES LIMITED**

**POLICY ON  
RELATED PARTY TRANSACTIONS**

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United Breweries Limited, # 24, UB City, UB Tower, Vittal Mallya Road, Bangalore- 560 001

## **1. Preamble**

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The Board of Directors (the “Board”) of United Breweries Limited (the “Company” or “UBL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company. This Policy may be amended at any time and is subject to:

- a) Amendments to the Companies Act, 2013,
- b) Further guidance from SEBI or any other Rules or Regulations framed by any other statute,
- c) Consequential actions taken by the Board of Directors or the Audit Committee of the Company.

## **2. Purpose**

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This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

## **3. Definitions**

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**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

**“Board”** means Board of Directors of the Company.

**“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes

- i. the Chief Executive Officer or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the whole-time director;
- iv. the Chief Financial Officer; and
- v. such other officer as may be prescribed.

**“Material Related Party Transaction”** means a transaction with a related party 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.

**“Policy”** means this Policy on Related Party Transactions.

**“Related Party”** means related party as defined in the Companies Act, 2013, Rules framed thereunder, Accounting Standards and Clause 49 of the Listing Agreement which is as follows:

A '**Related Party**' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

An entity shall be considered as related to the company if:

- a. Such entity is a related party under Section 2(76) of the Companies Act, 2013
- b. Such entity is a related party under the applicable accounting standards;

**"Related Party Transaction"** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

#### **4. Policy**

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All Related Party Transactions must be placed before the Audit Committee for approval and thereafter placed for approval to the Board in accordance with this Policy.

##### **4.1 Identification of Potential Related Party Transactions**

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Each director and Key Managerial Personnel is responsible for providing a Notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company prefers to receive such Notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

##### **4.2 Prohibitions related to Related Party Transactions**

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- (i) All Related Party Transactions shall require prior approval of Audit Committee. However, the Audit Committee may grant **omnibus approval** for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
  - a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
  - b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
  - c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price /current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
  - e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- (ii) All material related party transactions (as defined) shall require approval of the shareholders through Special Resolution
  - (iii) Related party shall abstain from voting on such resolutions.

#### **4.3 Review and Approval of Related Party Transactions**

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Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will excuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of Related Party Transaction, including terms of the transaction, business purpose of the transaction, benefits to the Company and to Related Party, and any other relevant matters. The Managing Director, CFO and the Company Secretary shall certify in writing to the Audit Committee and the Board that such related party transactions are necessary for the Company's business and the price is justified, appropriate and properly documented.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a) Whether the terms of the Related Party Transactions are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b) Whether there are any compelling 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 would affect the independence of an independent director;
- d) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- f) Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

All Related Party transactions after approval of the Audit Committee shall be placed before the Board for approval.

#### **4.4 Related Party Transactions not approved under this Policy**

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In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all 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 shall take any such action it deems appropriate.

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

This Policy will be communicated to all concerned persons of the Company.

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