

UNITED LEASING & INDUSTRIES LTD

Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions

1. APPLICABILITY AND EFFECTIVE DATE

This revised policy to regulate transactions between the Company and its Related Parties shall be applicable with effect from 01st April, 2022.

2. PURPOSE

The policy is framed in line with requirements specified under Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This Policy shall supplement other Policies & practices/ Delegation of Powers / Manuals etc. of the Company.

3. DEFINITIONS

1. **“Act”** means the Companies Act 2013 and rules made thereunder as modified or amended from time to time.
2. **“Arm’s Length Transaction”** shall be as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013.
3. **“Associate Company”** shall be as defined in Section 2(6) of the Companies Act, 2013.
4. **“Audit Committee”** means the Audit Committee of the Board.
5. **“Board of Director”** or **“Board”** means the Board of Directors of ULIL Limited.
6. **“Company”** means ULIL Limited.
7. **“Government Company”** shall be as defined under Section 2(45) of the Companies Act, 2013.
8. **“Independent Director”** shall be as defined under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the LODR.
9. **“Key Managerial Personnel”** shall be as defined under Section 2(51) of the Companies Act, 2013.
10. **“Material Modification(s)”** shall mean increase/ decrease in the value of consideration by more than 10% of the already approved total consideration (excluding increase in value/ consideration due to change in tax structure) of a Related Party Transaction.
11. **“Material Related Party Transaction”** means a transaction with related party as specified under Regulation 23 of LODR and transaction as specified in Section

188(1) of the Companies Act, 2013 read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

12. **“Ordinary Course of Business”** includes but is not limited to a term for activities that are necessary, normal, and incidental to the business. Following factors can be taken for determining the term ordinary course of business:
 - (i) is normal or otherwise for the particular business (i. e. features, system, processes, advertising, staff training, etc.)
 - (ii) is frequent and regular
 - (iii) is a source of income to the business
 - (iv) involves significant allocation / investment of resources
 - (v) is involved in a service or product that is offered to customers
13. **“Policy”** means policy on ‘Materiality of related party transactions and on dealing with related party transactions’.
14. **“Regulation”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as modified or amended from time to time.
15. **“Related Party”** means a related party as defined under Section 2(76) of the Companies Act, 2013 and under Regulation 2(1)(zb) of the LODR.
16. **“Related Party Transaction” (RPT)** means transactions defined under Regulation 2(1)(zc) of the LO DR and includes a single transaction or a group of transactions in a contract.
17. **“Relative”** shall be as defined under Section 2(77) of the Companies Act, 2013 and under Regulation 2(1)(zd) of LODR.
18. **“Subsidiary Company”** means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

The terms not specifically defined under this policy shall derive their meaning/ definition from the Companies Act, 2013 and LODR.

4. PROCESS OF APPROVAL FOR RELATED PARTY TRANSACTIONS

1. Approval by Audit Committee

1. The following shall require prior approval of Audit Committee:
 - a. All Related Party Transactions and subsequent material modifications therein;
 - b. All related party transactions to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.

In case of listed subsidiary, prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of LODR are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the audit committee of the listed subsidiary shall suffice.

2. Following information shall be placed before the Audit Committee for seeking approval of any proposed RPT:
 - a. Type, material terms and particulars of the proposed transaction;
 - b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - c. Tenure of the proposed transaction (particular tenure shall be specified);
 - d. Value of the proposed transaction;
 - e. 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);
 - f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments: nature of Indebtedness; cost tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - g. Justification as to why the RPT is in the interest of the Company;
 - h. A copy of the valuation or other external party report, if any such report has been relied upon;
 - i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - j. Any other information that may be relevant for the Audit Committee.
3. The status of long-term (more than one year) or recurring RPTs shall be placed on an annual basis for review by audit Committee.
4. The approval of Audit Committee as per this policy can be obtained by way passing resolution through circulation also.
5. The RPTs shall be approved only by those members of the audit committee, who are Independent Directors.

6. Omnibus Approval by Audit Committee:
 - I. Audit Committee may grant omnibus approval for Related Party Transactions. While specifying the criteria for omnibus approval, the Audit Committee shall consider the following factors:
 - a. Repetitiveness of Transactions (in past or in future);
 - b. Justification for the need of omnibus approval; and
 - c. Need for omnibus approval for transaction of repetitive nature and that such approval is in the interest of the Company.
 - II. The proposal for omnibus approval placed before the Audit Committee shall include the following information:
 - a. name(s) of the related party;
 - b. nature of transaction;
 - c. period of transaction;
 - d. maximum amount of transaction that can be entered into;
 - e. the indicative base price/current contracted price and the formula for variation in the price, if any; and
 - f. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
 - III. Where a related party transaction cannot be foreseen and firm details are not available, the Audit Committee may give omnibus approval for such transactions subject to their value not exceeding Rs.1 crore (Rupees one crore) per transaction.
 - IV. The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
 - V. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
 - VI. The details of related party transactions entered into by the company pursuant to each of the omnibus approvals given by the Audit Committee shall be placed on quarterly basis for review by Audit Committee.

4.2. Approval by Board of Directors

1. Except with the prior consent of the Board of Directors given by a resolution at a meeting of the Board, the Company shall not enter into any contract or arrangement with a related party. The nature of contract or arrangement inter-alia includes the following:-
 - 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 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 expression "office or place of profit" means any office or place-

- (i) Where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
2. Consent of the Board shall not be required for any transaction(s) to be entered into by the Company in its ordinary course of business and done at arm's length.

4.3. Approval by Shareholders

1. All material RPT and subsequent material modifications therein shall be entered into with the prior approval of shareholders of the company by way of a resolution (special/ ordinary, as may be specified from time to time under the Act or the Regulations).
2. Entities falling under the definition of related parties shall not vote to approve the related party transaction, irrespective of whether the entity is a party to the particular transaction or not.
3. Material RPT and subsequent material modifications therein shall not require approval of shareholders in following cases:
 - a. Any transaction(s) to be entered into by the Company in its ordinary course of business and done at arm's length.
 - b. RPT to be entered with any other Government Company;
 - c. RPT to be entered into between the company and its wholly owned subsidiary, whose accounts are consolidated with the Company;
 - d. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; and
 - e. RPT to which the listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of LODR are applicable to such listed subsidiary.

4.4. Summary of the approval mechanism

All Related Party Transactions and any subsequent material modification thereof	Audit Committee.
RPTs at 4.2.1 above which are not in ordinary course of business or not on arm's length basis or both (Not a Material RPT)	1. Approval and recommendation by Audit Committee to the Board. 2. Approval by the Board.
RPTs at 4.2.1 above which are in not in ordinary course of business or not on arm's length basis or both (Material RPT)	1. Approval and recommendation by Audit Committee to the Board. 2. Approval and recommendation by the Board to Shareholders.
Material RPTs at 4.3.1 above and subsequent material modifications	3. Approval by the Shareholders.

5. RESPONSIBILITIES

- a. Every director shall at the first meeting of the Board in which he/ she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his/ her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding.
- b. Every director of the company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into-
 - i. with a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
 - ii. with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forth with when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- c. The concerned Functional Director shall be responsible for the following:
 - (i) To place agenda before the Audit Committee and/ or Board of Directors for approval of Related Party Transaction(s) (including omnibus approval and/or ratification and/or material modification) in accordance with this policy.
 - (ii) To provide following information for review of the Audit Committee
 - (a) The details of related party transactions entered into by the company pursuant to each of the omnibus approvals given Audit Committee for review by Audit Committee on quarterly basis.
 - (b) The status of long-term (more than one year) or recurring RPTs for review by audit Committee on an annual basis.
- d. The Company Secretary shall place the agenda before the shareholders for approval, if required.

6. RATIFICATION OF RELATED PARTY TRANSACTIONS

- a. If prior approval of the Audit Committee/Board/Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be placed for ratification by the Audit Committee/Board/Shareholders, if required, within 3 (three) months of entering in the Related Party Transaction, specifying the reasons for not seeking prior approval.
- b. In case Related Party Transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Audit Committee/ Board/ shareholders (as the case may be) and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.
- c. In any case where either the Audit Committee/ Board/ Shareholders determines not to ratify a Related Party Transaction that has been commenced without prior approval, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification.

7. EXCEPTIONS

In connection with any review of a Related Party Transaction, the Audit Committee/ Board/ Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

In case of any ambiguity between the provision(s) of this policy and/or the Companies Act, 2013 and/or LO DR, compliance to provision(s) which are more stringent shall be ensured.

8. DISCLOSURES

- a. Every contract or arrangement entered with Related Parties which are not on arm's length basis with the approval of Board/ Shareholders in line with Section 188 of the Companies Act, 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- b. Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance submitted to stock exchanges, where shares are listed.
- c. Details of Related Party Transactions shall be submitted to the Stock Exchanges on half yearly basis and be published on website of the Company.
- d. The Company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report.
- e. Name of all related parties, nature of relationships & details of all related party transactions shall be disclosed in the financial statement as per applicable Indian Accounting Standard.
- f. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party which require approval of the Board as per provision of the Companies Act, 2013.

9. MODIFICATION/ AMENDMENT/ REVIEW OF THE POLICY

Modification/ Amendment, if any to this policy shall be made with the approval of the Chairman and Managing Director of the Company. However, the policy shall be placed for review by the Board of Directors at least once in every three years.