

**UNITED LEASING AND INDUSTRIES LIMITED**  
**CIN: L17100HR1983PLC033460**

**POLICY ON RELATED PARTY TRANSACTIONS**

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**In terms of Section 188 of Companies Act, 2013**

## 1. INTRODUCTION

This Policy regulates transactions entered into between the Company and its related parties. It is framed to ensure that such transactions are conducted in a transparent and compliant manner. The policy aligns with the provisions of the Companies Act, 2013 and applicable rules. It also promotes good corporate governance.

The Company, though listed, is exempt from Regulation 23 under Regulation 15 due to not meeting the prescribed thresholds (such as paid-up capital/net worth). Therefore, mandatory SEBI RPT provisions do not apply. However, the Company may voluntarily follow certain SEBI practices to maintain transparency. If thresholds are crossed in future, compliance will become mandatory.

## 2. OBJECTIVE OF THE POLICY

- i. Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of a company and its shareholders. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (“Companies Act”)
- ii. The main objective is to ensure that all related party transactions are fair, reasonable, and in the best interest of the Company. It seeks to prevent conflicts of interest and misuse of position by directors or KMPs. The policy also ensures proper approval and disclosure mechanisms. Overall, it safeguards stakeholders’ interests.
- iii. Accordingly, the Board of Directors (“Board”) of the Company have adopted the following policy with regard to related party transactions. The Audit Committee of the Company will review this policy (the “Policy”) on an annual basis and propose any modifications to the Board for approval.

## 3. DEFINITIONS

- i. **“Act”** means the Companies Act, 2013 as amended from time to time;
- ii. **“Arm's length transaction”** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- iii. **“Audit Committee”** means the audit committee of the board of directors of the Company.
- iv. **“Board”** means the board of directors of the Company.
- v. **“Company”** means United Leasing and Industries Limited.
- vi. **“Key Managerial Personnel”** or **“KMPs”** means Key Managerial Personnel as defined under the Act and includes:
  - (i) Managing Director, or Chief Executive Officer or Manager;
  - (ii) the Whole Time Director;
  - (iii) Company Secretary;
  - (iv) Chief Financial Officer;

- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.
- vii. **“Related Party Transaction”** means transactions specified under Section 188 of the Act and as per the Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014:
- viii. **“Ordinary Course of Business”** with reference to a transaction with a related party means the usual transaction which is:
  - (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
  - (ii) historical practice with a pattern of frequency;
  - (iii) common commercial practice; or
  - (iv) meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.
- ix. **“Policy”** means this policy, as amended from time to time.
- x. **“Related Party”** in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act or under applicable accounting standards.
- xi. **“Relative”** means any person as per Section 2(77) of the Act and rules prescribed thereunder

Any other term not defined herein shall have the same meaning as defined in the Companies Act, Accounting Standard 18 or any other applicable regulation. SEBI provisions shall apply as and when applicable.

#### **4. INTERPRETATION**

- (i) Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act and the applicable accounting standards or any other relevant legislation/law applicable to the Company.
- (ii) The reference to the masculine gender in this Policy shall be deemed to include a reference to feminine gender.
- (iii) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

#### **5. PROCEDURE**

##### **(i) Disclosure by Directors & KMP and Identification of the Related Parties**

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under.

Every Director and KMP shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

The aforementioned disclosures shall be submitted to the Company (i) at the time of appointment of such person to office; (ii) at the first meeting of the Board held in every financial year, and (iii) whenever there is any change in the disclosures already made, then at the first Board meeting held after such change.

Directors shall also make continual disclosures during the financial year, as regards their new directorships by submitting updated forms to the Company for ensuring compliance under Applicable Law and this Policy.

**(ii) Identification of Transaction with Related Parties**

- a. The Related Parties of the Company shall be identified and ascertained in light of the aforementioned definition of the Related Party.
- b. Every Director and KMP of the Company shall be responsible for providing a list of Related Parties to the Company.
- c. The Board shall take note of such disclosures and maintain database of Company's Related Parties.
- d. Any questions as to whether a person is a Related Party or not shall be determined by the Committee.
- e. 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.

**6. IDENTIFICATION OF RELATED PARTY TRANSACTION(S)**

The Company shall identify Related Party Transactions in accordance with Section 188 of the Companies Act.

The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:

- i. Name of party and details explaining nature of relationship;
- ii. Duration of the contract and particulars of the proposed transaction;
- iii. Justification to ascertain whether the transaction is at arm's length and
- iv. Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

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

- i. Whether the terms of the Related Party Transaction 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.
- ii. Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- iii. Whether the Related Party Transaction would affect the independence of an Independent Director.
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.

- v. 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.
- vi. 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.

## **7. APPROVAL OF RELATED PARTY TRANSACTIONS**

### **6.1 Board of Directors**

- i. All Related Party Transactions shall be placed before the Board of Directors for approval, where required under Section 188 of the Companies Act, 2013.
- ii. Any Director who is interested in a Related Party Transaction shall disclose his/her interest under Section 184 and shall not participate in discussion or voting on such resolution.
- iii. The Board shall ensure that the transaction is in the ordinary course of business and on an arm's length basis. In case the transaction is not at arm's length or not in ordinary course, proper justification shall be recorded.

### **6.2 Shareholders' Approval**

- i. Related Party Transactions exceeding thresholds prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of shareholders by way of an ordinary resolution.
- ii. Related parties shall abstain from voting on such resolutions.
- iii. Shareholders' approval shall not be required in case of transactions entered into in the ordinary course of business and at arm's length basis.
- iv. Transactions between holding company and its wholly owned subsidiary, whose accounts are consolidated and placed before shareholders, shall not require separate approval where exemptions are applicable.

### **6.3 Audit Committee (Optional – Good Governance Practice)**

- i. The Company has constituted an Audit Committee, all Related Party Transactions may be placed before it for review and recommendation.
- ii. The Audit Committee may grant omnibus approval for repetitive transactions, specifying nature, value, and duration of such transactions.
- iii. Any member having interest in the transaction shall recuse from discussions and voting.
- iv. Omnibus approvals shall be valid for a period not exceeding one financial year and shall be reviewed periodically.

## **8. TRANSACTIONS NOT REQUIRING SEPARATE APPROVAL**

The following transactions shall not require separate approval under this Policy, as they are governed by specific provisions of law:

- i. Transactions in the ordinary course of business and at arm's length basis.
- ii. Payment of remuneration, sitting fees, or commission to Directors/KMP as approved by the Board or Nomination & Remuneration Committee.
- iii. Corporate actions such as dividend, bonus issue, rights issue, or buy-back available to all shareholders equally.
- iv. Transactions relating to Corporate Social Responsibility (CSR) approved by the CSR Committee/Board.

- v. Transactions under schemes of arrangement, mergers, or amalgamations approved by competent authorities.

## 9. DISCLOSURE AND RECORDS

- i. The Company shall maintain a register of contracts or arrangements in which Directors are interested in Form MBP-4.
- ii. Details of Related Party Transactions shall be disclosed in the Board's Report in Form AOC-2, wherever applicable.
- iii. Necessary disclosures shall also be made in the financial statements in accordance with applicable accounting standards.

## 10. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

- i. The Company shall maintain an updated list of related parties based on disclosures received from Directors and KMPs.
- ii. Before entering into any transaction, the concerned department shall verify whether the counterparty is a related party.
- iii. All proposed transactions shall be evaluated for:
  - Arm's length nature
  - Ordinary course of business
  - Applicable approval requirements
- iv. No Related Party Transaction shall be entered into without obtaining necessary approvals from the Board or shareholders, as applicable.

## 11. AMENDMENTS

This Policy may be amended by the Board of Directors from time to time to ensure compliance with applicable laws. Any changes in the Companies Act, 2013 or rules made thereunder shall automatically apply to this Policy.

**Sd/-**  
**Ashish Khanna**  
**Managing Director**

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