

UNITED CREDIT LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

NEED FOR POLICY FORMULATION

The Company has to formulate a policy on materiality of related party transactions and also on dealing with related party transactions in terms of revised Clause 49 VII C of the Listing Agreement with the Stock Exchanges.

A related party transaction is a transfer of resources, services or obligations between a company and a related party regardless of whether a price is charged or not. Therefore, the party with whom the transaction is being entered into is most important whereas price charged is not the criteria for determining whether it is a related party transaction or not.

As per Accounting Standard (AS) 18, parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions.

As per revised Clause 49 (VII) (B) of the Listing Agreement with the Stock Exchanges as amended vide Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014 issued by Securities and Exchange Board of India (SEBI), 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.

MATERIALITY OF RELATED PARTY TRANSACTIONS

As per revised Clause 49(VII)(C) of the listing agreement as amended vide Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014 issued by SEBI, a transaction with a related party shall be considered material 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.

The criteria mentioned herein will stand substituted as and when the same is amended by SEBI.

POLICY AND APPROVAL

- (i) All related party transactions would require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposal 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 would require approval of the shareholders through special resolution and manner of voting on such resolutions will be as per applicable laws.

DISCLOSURES

- (i) Details of all material transactions with related parties should be disclosed quarterly along with the compliance report on corporate governance.
- (ii) The company should disclose the policy on dealing with Related Party Transactions on its website and a web link thereto should be provided in the Annual Report.

CONCEPT

Concept of related party transaction is governed by revised Clause 49 of the Listing Agreement prescribed by SEBI vide Circular No.CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 and subsequent modification/alteration made or may be made by SEBI, Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Accounting Standard (AS) 18 or such other Rules / Regulations / Circulars as may be notified by the concerned statutory authorities from time to time.

INFORMATION TO THE AUDIT COMMITTEE

- (i) All relevant information in respect of any transaction detailed in Section 188 of the Companies Act, 2013, with related parties, as defined in Section 2(76) of the Companies Act, 2013, should be placed before the Audit Committee.
- (ii) The management will also place before the Audit Committee, the relative information as per requirement of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 with respect to the concerned transaction.

ACTION TO BE TAKEN BY THE MANAGEMENT

- (i) Consent of the Audit Committee, Board and shareholders as may be required under the applicable Acts, Rules and Regulations, should be taken before entering into any contract with related party.
- (ii) The agenda of the meetings of the Board of Directors and Audit Committee should give details of the transactions to be entered into for periodic review and any amendment or modification on the terms and conditions of the transactions. Renewal or extension of the transactions may be made only with the consent of the Audit Committee, Board and/or shareholders as may be applicable.
- (iii) The Audit Committee should review the Policy every six months i.e. on 30th September and 31st March and place its recommendation to the Board for its approval.

Place : Kolkata

Date : 10th November, 2014