

UNITED CREDIT LIMITED

CIN: L65993WB1970PLC027781

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 Regulation 23 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (corresponding Clause 49 (VII)(C) of the erstwhile listing agreement with 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.

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 explanation to Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a transaction with a related party shall be considered material if the transaction(s) 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.

However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into * individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity 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.
- (ii) 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 regarding the need for such omnibus approval and that such approval is in the interest of the company.
- (c) The omnibus approval shall specify
- (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 rupees one crore per transaction.

- (d) The 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 approvals 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.
- (iii) All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

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 [Regulation 46(2)(g) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] and a web link thereto should be provided in the Annual Report [Schedule V – (C)(10)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

THRESHOLD LIMITS FOR DEALING WITH RELATED PARTY TRANSACTIONS

| Sl. No. | Nature of transaction with a related party | Threshold limit of related party transaction that can be carried out with Board approval | Threshold limit of related party transaction which can be carried out with shareholders approval (#) |
|---------|--|--|--|
| a | Sale, purchase or supply of any goods or materials, directly or through appointment of agent | Upto 10% of the turnover or Rs.100.00 crores, whichever is lower | No upper limit |
| b | Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent | Upto 10% of net worth or Rs.100 cores, whichever is lower | No upper limit |
| c | Leasing of property of any kind | Upto 10% of the turnover or 10% of net worth or Rs.100 crores, whichever is lower | No upper limit |

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|---|--|---|----------------|
| d | Availing or rendering of any services directly | Upto 10% of the turnover or Rs.50 cores, whichever is lower | No upper limit |
| e | Appointment of any agent for purchase or sale of goods, materials, services or property | Upto 10% of the turnover or Rs.50 cores, whichever is lower | No upper limit |
| f | Related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company | Monthly remuneration upto Rs.2.50 lakhs | No upper limit |
| g | Underwriting the subscription of any securities or derivatives thereof of the Company | Upto 1% of the net worth | No upper limit |
| h | Payment towards brand usage or royalty in a financial year | Upto 2% of Annual consolidated Turnover | No upper limit |

- (#) Shareholders reserve the right to specify maximum permissible limit upto which transaction with a respective related party may be carried out in a financial year, in the event whereof such permissible limit will be reckoned as threshold limit for the purpose of this policy.

Threshold limit shall be determined by the Board of Directors from time to time on compliance of necessary statutory formalities.

'Networth' or 'Consolidated Turnover' or 'Turnover', wherever specified shall refer to respective figures as per last audited financial statement.

CONCEPT

Concept of related party transaction is governed by Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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

NOTE : i) The existing Policy on Related Party Transactions has been suitably modified in line with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by the Board of Directors in its meeting held on 4th November, 2015.

* ii) The existing Policy on Related Party Transactions has been suitably modified by insertion of these paragraphs pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 notified on 9th May, 2018 by the Board of Directors in its meeting held on 11th February, 2019.