

K Z LEASING AND FINANCE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

Introduction

This policy is intended to ensure proper approval and reporting of transactions between K. Z. Leasing and Finance Limited (The “Company”) and the related parties in terms of the applicable laws and regulations.

Objectives

- Related party transactions have been one of the major areas of focus for the corporate governance reforms being initiated by the Indian legislature.
- The Changes introduced in the Corporate Governance norms through the Companies Act, 2013 and Clause 49 of the Listing Agreement requires the Companies to have enhanced transparency and due process for approval of the Related Party transactions.
- One such requirement is that the companies are required to formulate a policy on “Materiality of Related Party transactions”.
- The Board of Directors of the Company has adopted the Policy on Related party transaction to set forth the procedures under which the transactions with Related Parties shall be considered for approval/ratification.

Definitions

“**Company**” here means K Z Leasing and Finance Ltd.

“**Material Related party transactions**” means a transaction with a Related party where the transactions to be entered into individually or taken together with previous transactions with a Related party during a financial year, exceeds the thresholds a defined under the Companies Act, 2013 or Clause 49 of Listing Agreement.

“Audit Committee” means Committee of Board of Directors of the Company constituted under provisions of the Act and the Listing Agreement.

“Policy” means this Policy as amended from time to time.

“Related Party” in relation to the Policy has the same meaning as assigned to it under the Act and Clause 49 of the Listing Agreement, as amended from time to time.

“Related Party transactions” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and its Related Party, regardless of whether a price is charged or not. A transaction with a related party shall be construed to include transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined under the Act, the Listing Agreement, the Listing Regulations or any other applicable law or regulation to the extent applicable to the Company.

Policy

- a) All related party contracts / arrangements shall be entered on arms' length basis.
- b) Each Director and KMP shall disclose to the Company Secretary in form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all persons, entities, firms in which he/she is interested, whether directly or indirectly.
- c) The Chief Financial Officer, at the beginning of every financial year, shall provide the information to the Company Secretary

about the related parties within the Company and subsequent changes therein forthwith (If any)

- d) In exceptional circumstances, where permitted by law, related party contracts / arrangements may deviate from the principle of arm's length, after approval from Audit Committee.
- e) All related party contract / arrangements shall comply with the Companies Act, 2013.
- f) All related party contract / arrangements shall comply with Listing Agreement.
- g) All related party contract / arrangements shall comply with the Accounting Standards.
- h) All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

Reporting Of Related Party Transactions

- a) Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- b) The Company shall maintain Register of Contracts as required under the applicable Regulations. The Company shall make appropriate disclosures on related party transactions as required under the Regulations.

Disclosures

- a) In terms of the provisions of Section 134(3)(h) of the Act, Related Party Transactions requiring approval of Board/Shareholders under Section 188 of the Act shall be disclosed in the Board's Report along with the justification for entering into such Related Party Transactions.
- b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance clause 49 of the Listing Agreement.
- c) This Policy shall be uploaded on the website of the Company and the necessary changes should be notified accordingly.
- d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

Related Party Transactions not approved under the Procedure

- In the event the Company becomes aware of any 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 the relevant facts and circumstances regarding the Related party transactions (including reasons of failure to report such transaction) and evaluate all options available to the Company, including ratification, revision or termination of the Related party transactions.

Policy Review

This policy shall be reviewed from time to time as may deem necessary by the Board of Directors of the Company. The Company Secretary and Chief Financial Officer are authorized to amend this Policy to be consistent with the prevailing provisions of the Act and Listing Agreement, which shall be placed before the Audit Committee and Board for their approval.

General

In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to the Chief Financial officer of the Company. The Company reserves the right to modify, cancel, add, or amend any clause of this Policy as set out above.