

POLICY ON RELATED PARTY TRANSACTIONS

1. REGULATORY FRAMEWORK

UNIMECH AEROSPACE AND MANUFACTURING LIMITED (“**Company**”) recognizes that Related Party Transactions (*as defined below*) may present potential or actual conflict of interest and may pose questions whether such transactions are in the best interests of the Company and its members or not. This policy regarding the review and approval of Related Party Transactions has been formulated in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), as amended from time to time, to lay down principles that will guide the transactions among related parties. The policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, approval and ratification as permitted. This policy (“**Policy**”) has been framed and adopted in accordance with the Listing Regulations and the applicable provisions of Companies Act, 2013 (“**Act**”) read with rules framed thereunder.

Regulation 23 of Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors. In view of the above, the Company has framed this Policy on Related Party Transactions.

2. OBJECTIVE OF THIS POLICY

The objective of this Policy is to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in accordance with the provisions of the Regulation 23 of Listing Regulations read with relevant provisions of Act. The Policy also sets out the process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

3. DEFINITIONS

- 3.1.1 “**Act**” shall mean Companies Act, 2013 and the rules made there under, as amended from time to time.
- 3.1.2 “**Arms’ Length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 3.1.3 “**Audit Committee**” means Audit Committee of the Company as constituted by Board of Directors of the Company.
- 3.1.4 “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.
- 3.1.5 “**Independent Director**” means a director of the Company, not being a whole-time director or nominee director and who satisfies other criteria for Independence in accordance with the applicable provisions of the Act and Listing Regulations including Section 149 of the Act and Regulation 16(1) (b) of Listing Regulations.

3.1.6 “**Key Managerial Personnel**” or “**KMP**” shall have the same meaning as defined under the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations, 2018.

3.1.7 “**Material Related Party Transaction**” means the transaction, together with the previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company or such threshold as may be recommended under the SEBI Listing Regulations.

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 five per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such threshold as may be recommended under the SEBI Listing Regulations.

3.1.8 “**Related Party**” means a related party as defined under the Listing Regulations, as amended from time to time.

Provided that any person or entity forming a part of the promoter or promoter group of the Company and holding 20% or more shareholding in the company shall be deemed to be related party.

3.1.9 “**Related Party Transaction**” means a related party transaction as defined under the Listing Regulations, as amended from time to time.

3.1.10 “**Subsidiary Company**” or “**Subsidiary**” shall have the meaning as defined under the Act.

3.1.11 “**SEBI Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.1.12 “**Subsequent Material Modification**” means such modification in approved related party transaction as defined by Audit Committee.

Any other term not defined herein shall have the same meaning as defined in the Act or Rules made thereunder, Listing Regulations, applicable Accounting Standards or any other law or regulation applicable to the Company.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

4.1 All the Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including interest of their Relatives) in other Companies, firms or concerns at the time of their appointment, at the beginning of every financial year and any change in such interest during the year. In addition, all the Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

- 4.2 The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- 4.3 Notice of any potential Related Party Transaction shall be provided well in advance to the Audit Committee so that it has adequate time to review the proposed Transaction.
- 4.4 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.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

This Policy will operate within the framework of the Regulation 23 of the Listing Regulations read with the Act and Rules thereunder, as amended from time to time.

5.1 Audit Committee Approval

- 5.1.1 All Related Party Transactions (and subsequent material modifications) shall require prior approval of the Audit Committee and only those members who are Independent Directors shall approve the Related Party Transactions. Further, related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee 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 and standalone turnover, as per the last audited financial statements of the listed entity. However, the Audit Committee may also grant omnibus approval for Related Party Transactions proposed 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 this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - b. The Audit Committee shall satisfy itself about 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; (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. 1.00 Crore per transaction.

- d. Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by it on a quarterly basis;
- e. Such omnibus approvals shall be valid for a period of one financial year from the date of the Audit Committee meeting where such approval is granted or such other lesser period as may be specified by the Audit Committee and shall require fresh approval after its expiry;
- f. Omnibus approval shall not be made and shall not be applicable for the following:
 - (i) transaction(s) in respect of selling or disposing off the undertaking of the Company;
 - (ii) transactions which are not at arm's length or not in the Ordinary Course of Business.

5.2 Each Material Related Party Transaction (and subsequent material modifications) shall also require prior approval of shareholders of the Company, in accordance with the relevant provisions of the Listing Regulations, the Act and/or the Rules, as may be applicable.

5.3 If any Member of the Committee is interested in any contract or arrangement with a related party, such Member present at the meeting then such member shall not be entitled to vote at such meeting and his vote shall not be counted, for the resolution relating to such contract or arrangement.

5.4 Prior approval of Audit Committee and of shareholders, as enumerated in Sub Clause 5.1. and 5.2 above shall not be required in following cases:

(a) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

(b) Transactions entered into between the wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

5.5 Information to be placed before the Committee for granting approval to Related Party Transaction:

–Name of the Related Party and nature of relationship;

–Name of the director or Key Managerial Personnel who is related;

–Nature, material terms and monetary value of the contract or arrangement along with justification; and

–Any other information relevant or important for the members to take a decision on the proposed RelatedParty Transaction.

5.6 Factors to be considered by the Committee while approving a Related Party Transaction:

- Whether the terms of Related Party Transaction are fair and on arm’s length basis?
- Whether the Related Party Transaction is in the ordinary course of business of the Company or Related Party?
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
- Whether the Related Party Transaction would affect the independence of an independent director.
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and
- Any other factors the Committee deems relevant.

5.7 Approval of the Board of Directors

The Company entering into Related Party Transactions needs to take approval of the Board of Directors if required and applicable as per provisions of the Act.

5.8 Members’ Approval

5.8.1 Where members’ approval is required on any Material Related Party Transactions, such approval will be obtained through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5.8.2 The explanatory statement to be annexed to the notice of a postal ballot or general meeting convened to consider the special resolution to approve a Related Party Transaction shall inter alia contain the following particulars:

- Name of the related party;
- Name of the director or key managerial personnel who is related, if any;
- Nature of relationship;
- Nature, material terms, monetary value and particulars of the contract or arrangement;
- Any other information relevant or important for the members to take a decision on the proposed resolution.

6 DISCLOSURE REQUIREMENTS

6.1 This policy shall be uploaded on the website of the Company and a weblink thereto shall be provided in the Board's Report.

6.2 The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act, if any, with Related Parties, which are material or not in Ordinary Course of Business or arm's length basis along with the justification for entering into such transaction.

6.3 The Company shall submit disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website, every six months on the date of publication of its standalone and consolidated financial results.

7 AMENDMENT AND ENFORCEMENT:

7.1 Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company.

7.2 This policy shall be made enforceable immediately on listing of equity shares of the company on any stock exchange.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board of Directors.
