

UNITECH LIMITED

Policy on Related Party Transactions

Pursuant to Clause 49 (VIII) (A) (2) of Listing Agreement

1. INTRODUCTION

The Board of Directors (the "Board") of Unitech Limited (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions (including materiality of related party transactions and dealing with related party transactions) as described below. The Audit Committee will review and shall, from time to time as required, recommend changes, in the policy to the Board.

This policy is primarily framed based on the revised Clause 49 (*vide SEBI circular dated 17.04.2014 and 15.09.2014*) of the Listing Agreement entered by the Company with the Stock Exchanges and the provisions of Companies Act, 2013 (the "Act") including Rules made there under, and are primarily intended to ensure the governance, regulation and reporting of transactions between the Company and its Related Parties.

2. DEFINITIONS

"Material Related Party Transaction" means a transaction with a related party 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.

"Related Party" shall mean

- Persons and Entities as defined under section 2(76) of the Companies Act, 2013, and
- Persons and Entities identified as per the revised clause 49 (VII) (B) of the Listing Agreement with the Stock Exchange.

Related Party` as per Section 2(76) of the Companies Act, 2013: "related party" with reference to a company, means-

- i) a director or his relative;
- ii) a key managerial personnel or his relative;
- iii) a firm, in which a director, manager, or his relative is a partner;
- iv) a private company in which a director or manager or his relative is a member or director;
- v) a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in sub clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii) any company which is –
 - (A) a holding, subsidiary or an associate of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
- ix) such other persons as may be prescribed;
As per Rule 3 of Companies (Specification of definitions details) Rules, 2014-
 - a director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be related party.

Related Party` as per the revised clause 49 (VII) (B) of the Listing Agreement

For the purpose of clause 49(VII), 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.

“Related Party Transaction”

As per revised clause 49 of the Listing Agreement with the Stock Exchange, shall mean transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A “transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract.

As per Companies Act, 2013, shall mean contracts and arrangements with a related party with respect to -

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods , materials, services or property;
- such related party`s appointment to any profit or place of profit in the Co., its subsidiary Co. or Associate Co.; and
- underwriting the subscription of any securities or derivatives thereof, of the company.

“**arm’s length transaction**” shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Ordinary Course of Business**” shall mean activities that are normal, frequent, regular and incidental to the business of the Company.

3. POLICY

Identification of Related Party

Each Director and Key Managerial Personnel is required to provide notice to the Board regarding persons and entities to be considered as `Related Parties` by virtue of his/her being Director/KMP in the company. Such Notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

Identification of Potential Related Party Transactions

On the basis of notices received from Directors and Key Managerial Personnel and the requirements of provisions of applicable laws, the Management shall identify and provide notice to the Audit Committee or Board, as may be required, of any potential Related Party Transaction with any person or entity as informed by the Director/KMP, AND other entities in which the Company is interested so as to qualify them under the definition of Related Party, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Review and Approval of Related Party Transactions

All Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. The Committee shall review the transaction and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy.

The approval of Audit Committee, Board or shareholders, as may be required under this Policy shall be taken prior to entering into the Related Party Transaction.

Approval of Audit Committee

All Related Party Transactions shall require prior approval of Audit Committee.

However, the Audit Committee may 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 grant the omnibus approval in line with this policy on Related Party Transactions (including criteria for granting omnibus approval) 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. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs 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.

For transactions by the company with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval, the aforesaid conditions/requirements regarding omnibus approval shall not be applicable.

Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. The information provided shall specifically cover the following:

- i) the name of the related party and nature of relationship;
- ii) the nature, duration/ period of the contract and particulars of the contract or arrangement;
- iii) the material terms of the contract or arrangement including the value, if any;
- iv) any advance paid or received for the contract or arrangement, if any;
- v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii) any other information relevant or important for the Committee to take a decision on the proposed transaction.

The Audit Committee shall be entitled to seek professional advice/ opinion relating to concerns, if any, in the above matter.

Approval of Board of Directors

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

All the Related Party Transactions which are –

- not in the Ordinary Course of Business or not at Arm`s Length Basis; and
- all Material Related Party Transactions (other than transactions entered into by the company with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval) shall also be brought before the Board and the Board shall consider and approve the Related Party Transaction at a meeting. The considerations set forth above shall apply to the Board`s review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who is interested or has a potential interest in any Related Party Transaction will not be present at the meeting during discussions on the subject matter of the resolution relating to such Related Party Transaction.

Approval of Shareholders

- i) All the **Material Related Party Transactions** (other than transactions entered into by the company with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval) shall require prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

It is clarified that all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

- ii) All the Transactions, **other than the Material Related Party Transaction**, with the related parties which are not in the Ordinary Course of Business and at Arms` Length Basis shall, subject to the limits mentioned in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, also require the approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

Transactions NOT requiring approval of Audit Committee, Board or Shareholders

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board or Shareholders:

- i) Any transaction that involves the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii) Any transaction in which the Related Party`s interest arises solely from ownership of securities issued by the Company and where all holders of such securities receive the same benefits pro rata as the Related Party.

Transactions NOT requiring approval of Board or Shareholders

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Board or Shareholders:

- i) Contracts entered into by the Company pursuant to section 297 of the Companies Act 1956, which already come into effect before the commencement of section 188 of the Companies Act, 2013, will not require fresh approval under section 188 of the Companies Act, 2013, till the expiry of the original term of such contracts. Thus if any modification in such contract is made on or after April 1, 2014, the requirements under section 188 of the Companies Act`2013 will have to be complied with.
- ii) transactions entered into by the company in the ordinary course of business with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all the relevant facts and

circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate in accordance with the provisions of companies Act, 2013 and the Listing agreement.

5. REPORTING AND DISCLOSURES

Details of all material Related Party Transactions shall be disclosed quarterly to the Stock Exchanges (where shares of the company are listed) along with the compliance report on corporate governance.

The policy on dealing with Related party Transactions shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

Particulars of every contract or arrangement with Related Parties referred to in section 188 (1) of the Act shall be included in the Board`s Report to the shareholders along with justification for entering into the transaction in the prescribed Form AOC-2 .

A Register pertaining to Related Party Transactions shall be maintained by the company in accordance with the Companies Act, 2013, which shall be placed before the Board / annual general meeting as per the requirements of Companies Act, 2013.

Disclosure regarding Related Party relationship and transaction with them shall be made in the Financial Statements as per the requirements of relevant Accounting Standards.

6. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

(This Policy shall be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the Company at www.unitechgroup.com).