

Related Party Transactions Policy

1. Introduction

Unitec Fibres Limited (“the Company”) has always been committed in upholding the highest degree of ethical and legal conduct, while transacting business with related parties. As a good corporate governance practice, the Company follows arm’s length basis in transacting business with its related parties, which are in the ordinary course of business.

The Board of Directors has adopted the Related Party Transactions Policy, pursuant to the provisions of Companies Act, 2013.

This Policy applies to all transactions executed between the Company and one or more of its Related Parties, which are taken in the best interest of the Company and its shareholders.

2. Objectives

The Objective of this Policy is to identify related parties and the dealing of transactions with the related parties.

3. Definitions

- a. “Act” means Companies Act, 2013.
- b. “Arm’s Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c. “Audit Committee” means a committee of Board of Directors of the Company.
- d. “Board of Directors” or “Board” means the Board of Directors of the Company.
- e. “Company” means Unitec Fibres Limited.
- f. “Key managerial personnel”, in relation to a Company, means the Key Managerial Personnel of the Company as defined under the Act.
- g. “Listing Agreement” means Equity Listing Agreement of the Company entered into with National Stock Exchange of India Limited.
- h. “Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the company, whichever is higher as may be prescribed from time to time.
- i. “Ordinary course of business” means a transaction as may be so determined based on the guiding principles set down in accordance with the statutory requirements and other industry practices and guidelines.
- j. “Policy” means the Policy on Related Party Transactions, including amendments, if any, from time to time.

- k. “Related Party” means a related party as defined under the Act as amended from time to time.
- k. “Related Party Transaction” means any transaction between the Company and any Related Party, as defined under the Act and as amended from time to time.
- l. “Relative” means a relative as defined under the Act.
- m. “Transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

Policy:

Material Thresholds:

The Board has, in accordance with the Listing Regulations, determined that a transaction with a related party shall be considered as material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds:

- a) Rupees one thousand crore or ten per cent of the annual consolidated turnover as per the last audited financial statements, whichever is lower.
- b) 5% of annual consolidated turnover as per the last audited financial statements in case of a transaction involving payment with respect to brand usage or royalty.

The above threshold limit shall be reviewed by the Board every three years or as per any amendments prescribed under the Companies Act, 2013 or Listing Regulations, as the case may be.

Periodic identification of Related Parties:

Related parties shall be identified under the Companies Act, 2013 as amended from time to time. The Secretarial Department of the Company shall request information that may be required for inclusion in the list of Related Parties from all the Directors and Key Managerial Personnel of the Company.

Each Director and Key Managerial Personnel of the Company shall be required to inform the Secretarial Department of the Company of any change in the information previously provided on the list of Related Parties of the Company.

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him / her or his / her relative, including any additional information about the transaction that the Board / Audit Committee may reasonably request.

The list of identified Related Parties will be tagged and updated in the accounting system regularly and also periodically sent out to those officials of the Company that might be in the position to conduct or know the possible conduct of Related Party Transactions.

Approvals for transactions with related parties:

Before undertaking any transaction, it must be examined by the Company whether such transaction qualifies as a Related Party Transaction, requiring compliance with this Policy. The Company Secretary, in consultation with such other concerned persons, as appropriate, shall determine whether a transaction does, in fact, constitute a Related Party Transaction, as the case may be.

Approval of Audit Committee:

All related party transactions and subsequent material modifications shall require approval of Audit Committee.

The Company may also obtain omnibus approval from the Audit Committee for such transactions, subject to compliances set out in the Act.

Approval of the Board:

All related party transactions which are not in the Ordinary course of business or qualify as an not Arm's Length Transaction will be put up for prior approval of the Board.

Approval of the Shareholders:

All material related party transaction and subsequent material modifications shall be placed for prior approval of the shareholders in terms of the Act.

Voting requirements:

Before approving any Related Party Transaction, the Chief Financial Officer must express a reasoned opinion on the Company's interest in carrying out the transaction and on the benefits and substantive fairness of the related terms. In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board, as the case may be, shall take into account, other factors, as may be deemed appropriate, whether the Related Party Transaction is in the Ordinary course of business of the Company and whether it qualifies as an Arm's Length Transaction and the extent of the Related Party's interest in the transaction.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.

If any director of the Company is interested in any contract or arrangement with a Related Party, such director cannot be present at the Audit Committee / Board meeting of the Company, during discussions in the matter.

Ordinary Course of Business and Arm's Length Price:

Arm's length pricing in respect of all Related Party Transactions shall be determined in accordance with the policy memos adopted by the Board for specified Related Party Transactions, where such memos have been prepared.

All proposed Related Party Transactions may be assessed as to whether they are in the Ordinary course of business by reference to the Company's Note on 'Determination of Ordinary Course of Business', as approved by the Audit Committee.

Disclosure and reporting:

Director's report shall contain details of Related Party Transactions as required under the Companies Act, 2013.

The Annual Report shall contain details of Related Party Transactions as required under the Companies Act, 2013 and Schedule V of the SEBI (LODR) Regulations.

Review of the Policy:

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

The policy shall be reviewed by the Board of Directors at least once every three years including threshold limits specified therein and updated accordingly.