

Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions

1. PREAMBLE

Taneja Aerospace and Aviation Limited (“Company”) seeks to formulate a Policy on Materiality of Related Party Transactions in compliance with Section 188 of the Companies Act, 2013 (“Act”), Rules made thereunder and Clause 49 of the Equity Listing Agreement with the Stock Exchange (“Listing Agreement”).

The Board of Directors has adopted this Policy upon recommendation of the Audit Committee. The said Policy is applicable to transactions between the Company and its Related Parties effective from October 1, 2014.

As a matter of practice, the Company follows arm’s length basis in transacting business with its related parties which are in the ordinary course of business.

2. RELATED PARTY TRANSACTIONS

Related Party Transaction means a transaction as defined under Section 188(1) of the Act and as and as amended from time to time.

Pursuant to Clause 49 of the Listing Agreement 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.

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

3. MATERIALITY THRESHOLD

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 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

The Company shall have in place an internal system to review the dealings with related party transactions in compliance with the provisions of the Act and Rules made thereunder and under Clause 49 of the Listing Agreement.

4.1 Audit Committee

Transaction with Related Parties shall require prior approval of Audit Committee unless such

transaction is exempted from such approval pursuant to provisions of the Act and Listing Agreement. The Audit Committee may grant omnibus approval for Related Party Transactions subject to compliance with Clause 49 of the Listing Agreement.

4.2. Board of Directors

If the Audit Committee determines that a Related Party Transaction should be brought before the Board or it is mandatory under the Act for the Board to approve such Transaction, then the Board shall consider and approve such Related Party Transaction.

4.3. Shareholders

All the Material Related Party Transaction unless such transaction is exempt from such approval pursuant to the provisions of the Act and Listing Agreement shall require approval of shareholders. Transactions other than Material Related Party Transactions which are not in the ordinary course of business or at Arm's Length basis shall require the approval of shareholders if so required under the Act.