

Policy on Related Party Transactions

(Version 1.3)

Revision History

Version No.	Release Date	Function	Reviewed by	Approved by	Description of change
1.0	January 19, 2015	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Originally adopted under the provisions the Companies Act 2013
1.1	March 19, 2019	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Revised in line with the changes in SEBI Listing Regulations, 2015 read with the Companies Act 2013
1.2	November 4, 2022	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Revised in line with the changes in SEBI Listing Regulations, 2015 read with the Companies Act 2013
1.3	February 6, 2025	Corporate Secretarial	Company Secretary & Compliance Officer	Board of Directors	Revised in line with the changes in SEBI Listing Regulations, 2015

1. Introduction:

HIL Limited (the "**Company**" or "**HIL**") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its shareholders' best interests. Further, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") requires every listed entity to frame a policy on materiality of Related Party Transactions and for dealing with and regulating such transactions. Therefore, this Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors ("**Board**") in order to set forth the procedures under which certain transactions are to be reviewed and approved or ratified by the Audit Committee/Board of Directors/shareholders as per the provisions of the Companies Act, 2013 and the Listing Regulations as amended from time to time.

2. Definitions:

a. In this Policy unless the context otherwise requires:

- i. "**Act**" means the Companies Act, 2013 and rules issued thereunder.
- ii. "**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.
- iii. "**Audit Committee or Committee**" means Committee of Board of Directors of the Company constituted under the Companies Act, 2013 and Listing Regulations.
- iv. "**Board of Directors**" or "**Board**", in relation to the Company, means the collective body of the directors of the Company.
- v. "**Key Managerial Personnel**" shall mean any of the following officers of the Company:
 - a. the Managing Director or Chief Executive Officer or Manager and in their absence, Whole-time director;
 - b. the Chief Financial Officer;
 - c. the Company Secretary;
 - d. such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
 - e. such other officer as may be prescribed under the Act and Listing Regulations
- vi. "**Material Related Party Transaction**" means the transaction/transactions to be entered into, individually or taken together with previous transactions during a financial year, exceeds Rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Further, 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 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- vii. **“Material modification”** shall mean triggering of any of the following conditions whether individually or in aggregate:
- (i) Change in overall transaction value of any previously approved Material Related Party Transaction beyond 20%; or
 - (ii) Extension in duration of any previously approved Material Related Party Transaction contract beyond a period of 6 months from the agreed tenure; or
 - (iii) Such other criteria as may be prescribed by the Audit Committee on case to case basis.

Provided further that in case of multiyear contracts with Related Parties, material modification shall mean and include any modification of an amount exceeding 20% of the transaction / contract value prevailing as at the end of the immediately preceding financial year.

- viii. **“Officer(s)”** shall mean the Chief Financial Officer or Company Secretary of the Company and such other personnel as designated by the Audit Committee or the Board from time to time.
- ix. **“Policy”** means this Related Party Transaction Policy.
- x. **“Related Party”** shall mean related party as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015, as may be amended from time to time or under the applicable accounting standards.
- xi. **“Related Party Transaction” (“RPT”)** means:
- A. a transaction entered by the Company with Related Party which is of the nature specified in clause (a) to (g) of sub-section 1 of Section 188 and clause (iv) of sub-section 4 of Section 177 of the Act; and
 - B. a transaction involving a transfer of resources, services or obligations between the parties as specified in Regulation 2(1)(zc) of Listing Regulations, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract, except those which have been exempted under the Listing Regulations;
- and such transactions as may be specified by Listing Regulations, and/ or the Act from time to time.
- xii. **“Relative”** means relative as defined in the Companies Act, 2013, and rules prescribed thereunder.

- b. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and the SEBI (LODR) Regulations, 2015, as amended from time to time, shall have the meaning respectively assigned to them therein.

3. Identification of potential Related Party Transactions:

- (a) Each of the Directors and Key Managerial Personnel shall provide to the Officers, their respective Related Party list on an annual basis and intimate changes thereon, from time to time.

The names of all Related Parties identified shall be consolidated as a reference list. Further, it shall be duty of every Director and KMP to forthwith bring to the attention of the Audit Committee/ Board any Related Party Transaction that he or she anticipates/ foresees involving him/her or his/ her relative, including any additional information about the transaction that the Audit Committee/ Board may request, for being placed before the Audit Committee/ Board.

Additionally, at the end of every financial year, a list of shareholders who at any time during the immediately preceding financial year have held prescribed percentage of shareholding as provided under Listing Regulations, will be prepared for the purpose of identification of Related Party.

- (b) The Subsidiary Company(ies), if any, of the Company shall provide list of its Related Party Transactions on quarterly basis and update the same, in case of any change, intimate the same.

The Subsidiary Company(ies), if any, of the Company will ensure that their notice of any potential Related Party Transaction is delivered well in advance to the Company so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

- (c) Related Party Transactions to which 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 the transaction (individually or taken together with previous transactions during a financial year) exceeds the thresholds as prescribed under Regulation 23 of the Listing Regulations.
- (d) Prior to entering into any transaction with Related Party, the Officers shall analyze such transaction in consultation with management and with outside counsel, if required, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this Policy.
- (e) Once identified as a Related Party Transaction by the Officer, all such Related Party Transactions shall be reported to the Audit Committee by the Officer, or in the event that the Officer has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by the Managing Director of the Company.

4. Approvals related to Related Party Transactions:

4.1. Audit Committee

- i. Related Party Transactions and subsequent material modifications thereto shall

require prior approval of the Audit Committee of the Company.

- ii. The Audit Committee shall be provided with all material facts, 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 information with respect to all new, existing or proposed Related Party Transactions, or material modifications proposed to existing Related Party Transactions, as may be required for taking an informed decision.
- iii. The Audit Committee will thereafter determine in all case, except in case of those Related Party Transactions which are exempted for approval of the Audit Committee, whether:
 - i. to approve the Related Party Transaction on omnibus basis or otherwise; or
 - ii. to approve the Related Party Transaction and refer the Related Party Transaction to the Board for its consideration and approval as may be required under the Companies Act or Listing Regulations, or
 - iii. to reject the Related Party Transaction.
- iv. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered in to by the Company or its subsidiaries, subject to the following conditions:
 - i. The Audit Committee shall consider the following factors while granting the omnibus approval, namely:
 1. repetitiveness of the transactions (in past or in future);
 2. justification for the need of omnibus approval.
 - ii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
 - iii. While granting omnibus approval, the Audit Committee 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 may be prescribed under the Companies Act and/or Listing Regulations and 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 rupees one crore per transaction.
- v. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company and/or its subsidiaries, pursuant to each of the omnibus approval given.
- vi. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- vii. Where the Audit Committee disapproves or suggests any changes in any Related

Party Transaction, the Committee shall record the reasons for such disapproval/change and decide to put up such transaction before the Board and the Board shall consider the same accordingly

- viii. Where with respect to any transaction which is proposed to be entered into with any related party, it is not clear whether such transaction will be treated as a related party, the Company may take assistance of outside counsel.
- ix. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- x. Only those members of the Audit Committee who are Independent Directors shall approve any Related Party Transaction. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the said transaction.
- xi. In addition, the Audit Committee/ the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.

4.2. Board

Following Related Party Transactions shall require prior approval of Board at its duly convened meeting, unless otherwise provided/exempted under the provisions of Act and/or Listing Regulations:

- i. Where any transaction specified in Section 188(1) of the Act is not in ordinary course of business or is in the ordinary course of business but is not an Arm's length transactions.
- ii. All Material Related Party Transactions including Material Modifications thereof.

4.3. Shareholders

- (i) All Material Related Party Transactions and subsequent Material Modification(s), except in case of those Related Party Transactions which are exempted for approval of the Company's shareholders, can be entered into only after obtaining the prior approval of the Company's shareholders by way of a resolution, as prescribed in the Listing Regulations, and the Related Parties shall abstain from voting in favour of such resolution, irrespective of whether the related party is party to the particular transaction or not.
- (ii) In addition to the above, all Related Parties Transactions falling under the categories enlisted in paragraph (i) above which
 - a. are not on an Arm's Length Basis and/or not in the ordinary course of business; and
 - b. meets the conditions and threshold prescribed in the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 or any modification(s) therein,

shall be placed before the shareholders of the Company for their approval.

For such Related Party Transactions, any shareholder of the Company, who/which is a Related Party in the context of the proposed Related Party Transaction, shall abstain from voting. However, the requirement of shareholders' approval shall not be applicable for 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.

5. Review and Approval of Related Party Transactions:

To determine the need of a Related Party Transaction, the Audit Committee/Board/Shareholders 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 such other information as required under the SEBI (LODR) Regulations, 2015 and the Act. In determining whether to approve a Related Party Transaction, the Board/Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ✓ Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a 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 proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ✓ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

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 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.

6. Related Party Transactions not approved prior to entering under this Policy:

In the event that the Officer becomes aware of a Related Party Transaction(s) that was not previously approved under this Policy the Officer shall notify the Audit Committee, and the Audit Committee, if required under this Policy and if value of such transaction(s) with the Related Party, whether entered individually or taken together, during a financial year does not exceed Rupees One Crore and is not a material Related Party Transaction in terms of this Policy, shall refer such transaction to the Board and the Audit Committee, as the case may be and the Board/Audit Committee may consider whether such Related Party Transaction should be ratified or rescinded within the prescribed time.

In case of ratification by the Audit Committee is required, members of the Audit Committee who are Independent Directors may ratify such transaction(s) within the time prescribed time.

The Board, if required under this Policy, may refer such Related Party Transaction to the shareholders of the Company and shareholders may consider whether such transaction should be ratified or rescinded within the time prescribed time.

The Board / Audit Committee/ shareholders, as the case may be, shall consider all relevant facts and circumstances respecting such transaction including but not limited to, the reason for not obtaining the prior approval of the Committee/ Board/ Shareholders, as the case may be, relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee/ Board/ shareholders, as the case may be, deem appropriate under the circumstances.

In case the Related Party Transaction is entered into without requisite approval shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee / Board / shareholders, as the case may be, as promptly as reasonably practical after it is entered into and is ratified as per this Policy.

Failure to seek ratification of the Audit Committee/ Board/ shareholders, as the case may be, shall render the Related Party Transaction voidable at the option of the Audit Committee/ Board/ shareholders, as the case may be, and if such transaction is with a Related Party to any Director, or is authorised by any other Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

7. Disclosure:

The Related Party Transactions shall be disclosed to such persons and governmental and / or regulatory authorities, in the manner prescribed, if required, under the Act / Listing Regulations. Provided, further, the Company is also required to disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.

8. Review and amendment of the Policy:

The Board shall review the Related Party Transaction Policy from time to time, but at least once in every three years and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices from time to time.

This policy has been prepared based on the prevailing provisions of the Act, Rules and Regulations as on date of the policy and in case of any subsequent amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Date: 06-02-2025

Place: New Delhi

Akshat Seth
(Managing Director & CEO)