

**HITECH CORPORATION LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS AND ITS MATERIALITY**

**(effective from 1<sup>st</sup> October, 2014)**

Policy approved by the Board of Directors on 12<sup>th</sup> November, 2014  
1<sup>st</sup> Amendment approved by the Board of Directors on 23<sup>rd</sup> May, 2016  
2<sup>nd</sup> Amendment approved by the Board of Directors on 12<sup>th</sup> November, 2018  
3<sup>rd</sup> Amendment approved by the Board of Directors on 8<sup>th</sup> August, 2019  
4<sup>th</sup> Amendment approved by the Board of Directors on 10<sup>th</sup> February, 2022

## **1. PREAMBLE**

The Board of Directors has adopted this Policy upon recommendation of the Audit Committee. The said Policy includes materiality thresholds and the manner of dealing with Related Party Transactions (“the Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules there under and Regulation 23 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee. This Policy applies to transactions between the Company and one or more of its Related Parties or related parties of its subsidiaries, if any. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company shall ensure transparency and fairness in dealing with all the Related Parties and adherence to applicable laws and regulations.

## **2. OBJECTIVE**

The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, mandates formulation of a policy on dealings with Related Party Transactions and also on materiality of Related Party Transactions. This Policy has been framed for complying with this requirement.

## **3. DEFINITIONS**

3.1 “Act” means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

3.2 “Arm’s Length basis” shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income- tax Act, 1961.

3.3 “Audit Committee” shall mean committee of Board of Directors of the Company.

3.4 “Board of Directors” or “Board” shall mean the Board of Directors of the Company.

3.5 “Company” refers to Hitech Corporation Limited.

3.6 “Listing Regulations” shall mean the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

3.7 “Key Managerial Personnel” shall mean the Key Managerial Personnel under the Act and Listing Regulations read with Indian Accounting Standard (IND AS) 24 as amended from time to time.

### 3.8 “Material Related Party Transaction”

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 rupees 1000 Crores (one thousand crore) or 10% (ten per cent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

3.9 “**Material Modification**” shall mean: In relation to a **Related Party Transaction** approved by the **Audit Committee** or a **material related party transaction** approved by the **Shareholders**, as the case may be, material modifications means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.

3.10 “Policy” shall mean the current Policy on Related Party Transactions, including amendments, if any, from time to time.

3.11 “**Related Party**” means a related party as defined under sub-section (76) of section 2 of the Act and Listing Regulations or under the applicable accounting standards:

And shall include

- a) any person or entity forming part of the promoter or promoter group of the Company or
- b) any person or any entity, holding equity shares:
  - i. of twenty per cent or more; or
  - ii. of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; as deemed to be a related party:”

3.12 “**Related Party Transaction**” shall mean a transaction involving transfer of resources, services or obligations between:

- i. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- ii. with effect from April 1, 2023, it shall also include transactions involving the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed Company or any of its subsidiaries,;

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:

- iii. With effect from 1<sup>st</sup> April, 2022, the following shall not be considered as a related party transaction:
  - a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
    - i. payment of dividend;
    - ii. subdivision or consolidation of securities;
    - iii. issuance of securities by way of a rights issue or a bonus issue; and
    - iv. buy-back of securities.

3.13 “Relative” shall mean relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

3.14 “Transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

3.15 “Threshold Limits” shall mean financial limits for transactions with Related Parties in the Ordinary Course of business and on arm’s length basis as mentioned under Section 188 of the Companies Act, 2013 and the Rules made thereunder.

#### **4. POLICY AND PROCEDURES FOR RELATED PARTY TRANSACTION(S)**

All Related Party Transactions must be reported to the Audit Committee and prior approval of the Audit Committee shall be taken in accordance with the procedure under this policy.

##### **4.1. Identification of potential Related Parties and Related Party Transactions**

- a. Before the beginning of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition given in SEBI (LODR) Regulations, 2015 as amended from time to time. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.
- b. All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly.
- c. The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

## **4.2. Approvals required for Transaction(s) with Related Party(ies)**

### **A. Transactions with Related Party(s) in the ordinary course of business and on arms-length basis:**

All the Transaction(s) with Related Party (ies) which are in the ordinary course of business and at arm's length shall be subject to the prior approval of the Audit Committee and shall be within the Threshold Limits mentioned under Section 188 of the Companies Act, 2013 read with Rules made thereunder. The Company shall not enter into any Transaction with a Related Party beyond the Threshold Limits, without the prior approval of the Board. The Board may approve the Threshold Limits of any Transaction not defined or mentioned in this Policy. The Board shall review the Threshold Limits at least once in every three years and make changes as and when necessary.

#### Review and approval by the Audit Committee

Every Related Party Transaction and subsequent material modifications shall be subject to the prior approval of the Audit Committee of the Company whether at a meeting or by resolutions by circulation, in accordance with the Companies Act, 2013 or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as applicable.

Only those members of the audit committee, who are independent directors, shall approve related party transactions.

“Provided further that:

- a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- b) a 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 of the Company 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 turnover, as per the last audited financial statements of the listed entity;
- c) with effect from April 1, 2023, a 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 of the listed entity 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 standalone turnover, as per the last audited financial statements of the subsidiary;
- d) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.



Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary of the Company as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.”

#### Omnibus Approval

The Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature and are in the ordinary course of business and satisfy the Arm's Length basis, subject to the compliance of conditions contained in Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 subject to following conditions, namely;

- a. the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- c. the omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 rupees one crore per transaction.
- d. the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals 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.

Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Regulations. While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

**B. Transactions with Related Party(s) not in the ordinary course of business and/ or on arms-length basis:**

Transaction(s) with Related Party(s) not in the ordinary course of business and/or not at arm's length shall require prior approval of the Audit Committee as well as the Board and in accordance with the provisions of Section 188 of the Act, SEBI LODR and other applicable laws. Transaction(s) crossing the limits set out Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time, shall require prior approval of the shareholders of the Company in accordance with the procedure set out in Section 188 of the Act. For the purpose of such Transaction(s), the limits shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

**C. Material Transactions with Related Party(s):**

Material Transaction(s) with Related Party(s) shall require prior approval of the Audit Committee, Board and the shareholders of the Company. In compliance with SEBI LODR, approval of the shareholders through resolution shall be taken for all such Material Transactions with Related Party(s) and such Related Party(s), irrespective of whether the entity is a party to a particular transaction or not, shall not vote to approve such resolutions.

**4.3 Information to be provided for seeking approval from the Audit Committee/ Board:**

The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction(particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - i) details of the source of funds in connection with the proposed transaction;
  - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, nature of indebtedness; cost of funds; and tenure;
  - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.



- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

## **5. BOARD OF DIRECTORS:**

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides 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 and the considerations set forth above under Paragraph 4.2.B shall apply to the review and approval of the matter by the Board of Directors, with such modifications as may be necessary or appropriate under the circumstances. Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

## **6. SHAREHOLDERS:**

All the Material Related Party Transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2), shall require prior approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Further the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;7.

### **4.3 Information to be provided for seeking approval from the Shareholders:**

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:



- a. A summary of the information provided by the management of the listed entity to the audit committee while taking prior approval of the Committee as specified in point 4.3 above;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4.3 (f) above;
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

## **7. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED:**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this Policy for review and ratification. The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such

transaction 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 actions as the Audit Committee/Board deems appropriate under the circumstances.

## **8. DISCLOSURES:**

Details of any Material Related Party Transactions shall be submitted to the stock exchanges in the prescribed format from time to time, and publish the same on its website:

The Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

With effect from April, 2023, the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

## **9. AMENDMENTS TO THE POLICY**

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to modification. This policy will be reviewed by the Board of Directors of the Company once in every three years and any amendment of any provision of this policy shall be promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment.

### **9. AMENDMENT IN LAW:**

Any subsequent minor amendment/ modification in the Listing Regulations and/or applicable laws in this regard which does not require revision in the policy, shall automatically apply to this Policy.

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