

POLICY ON RELATED PARTY TRNSACTIONS

1. OBJECTIVE:

As per the requirement under Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulations, 2015), the following policy on dealing with related party transactions has been recommended by the Audit Committee and adopted by the Board of Directors (the “Board”) of Him Teknoforge Limited (the “Company”). The objective of this policy is to meet proper approval and reporting norms as required under the applicable laws and establish transparency on the dealings of the Company with its related parties and to prevent any conflict of interest in the implementation of transactions involving such related parties. This Policy outlines the basis on which the materiality of related party transactions and subsequent modifications will be determined by the Company. The Audit Committee/ Board shall review and may amend the policy from time to time.

2. DEFINITIONS:

a) Act:

“Act” means the Companies Act, 2013 (‘Act’) read with the Rules thereto including any subsequent amendments thereof.

b) Arm’s Length Transaction:

Arm’s Length Transaction 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:

Audit Committee means Audit Committee of the Board of Directors of the Company.

d) Material Related Party Transaction:

Material Related Party Transaction shall have the same meaning as defined under Regulation 23(1) of the SEBI Regulations, 2015. Transaction with a related party shall be considered material, if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

e) Material Modification as defined by Audit Committee:

“Material modifications” means any modifications to the material related party transactions which were approved by the Audit Committee or Board or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction.

Net worth means Net worth as defined under section 2 (57) of Companies Act, 2013.

f) Ordinary course of business

The term ordinary course of business is not defined under the Act or the Rules thereunder. Therefore, it would depend on facts and circumstances of each case. The Company would therefore exercise judgment to conclude whether a transaction can be considered to be in the ordinary course of business.

g) Related Party:

is a party as defined in Section 2(76) of the Companies Act, 2013 read with Rules thereto and clause (zb) of Regulation 2 of the SEBI Listing Regulations, 2015 as may be amended from time to time.

h) Related Party Transactions:

Related Party Transactions means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations. These include sale, purchase, leasing or supply of goods or property, availing/ rendering of any services, appointment of agents for any of these transactions, underwriting of securities and transfer of resources, services or obligations between the Company and its related party/ies, regardless of whether a price is charged or not.

Provided that the following shall not be 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 listed entity 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. Audit Committee

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs. Chief Financial Officer will refer RPTs to audit committee for approval.

A. In summary, prior approval of Audit Committee is required for the following Related Party Transactions:

- Where Company is a party
- Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related parties of the Company or any of its subsidiaries.

B. The Audit Committee will take into account following considerations while dealing with the RPTs:-

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
- 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); Tenure of the proposed transaction (particular tenure shall be specified); Value of the proposed transaction 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) 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,
 1. nature of indebtedness
 2. cost of funds; and
 3. 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.
- Justification as to why the RPT is in the interest of the listed entity;
- A copy of the valuation or other external party report, if any such report has been relied upon;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

C. Any member of the Audit 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. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

II. Omnibus Approval

i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:

- Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business; and
- Any other information relevant or important to take a decision on the proposed transaction.

iii. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

iv. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.

v. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

III. Board Approval

The Board shall take note of the RPT which were approved by the Audit Committee and only approve those RPTs, which are not in ordinary course of business and/or not at arm's length.

Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

IV. Shareholders' Approval

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require approval of the Board and shareholders, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis, shall require prior approval of the Board and shareholders, respectively.

DISCLOSURE:

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.