

HITECH CORPORATION LIMITED

(effective from 1st October, 2014)

Policy on Related Party Transactions

(Revised by the Board of Directors at its Meeting held on 8th August, 2019)

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. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

2. OBJECTIVE

The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, mandates formulation of a policy on materiality of Related Party Transactions and also on dealings with 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” means 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” means committee of Board of Directors of the Company.

3.4 “Board of Directors” or “Board” means the Board of Directors of the Company.

3.5 “Company” means Hitech Corporation Limited.

3.6 “Key Managerial Personnel” means the Key Managerial Personnel of the Company in terms of the Act.

3.7 “Listing Regulations” means the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

3.8 “Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

3.9 “Policy” means the current Policy on Related Party Transactions, including

amendments, if any, from time to time.

3.10 "Related Party" means a related party as defined under the Act read with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

3.11 "Related Party Transaction" means any transaction between the Company and any Related Party for transfer of resources, services or obligations, 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.

3.12 "Material transaction" means a Transaction with a Related Party where any transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds (10) ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. A Transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the said Transaction to be entered into individually or taken together with the previous transactions during a financial year, exceed (5) five percent of the annual consolidated turnover of the Company as per the last audited financial statements.

3.13 "Relative" means a relative as defined under the Act.

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

4. POLICY

All Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Audit Committee based on this Policy.

4.1. Identification of potential Related Party Transactions

4.1.1. Hitech Group Companies: All fellow subsidiaries of Hitech Corporation Ltd. shall be considered as Related Parties.

4.1.2. Key Managerial Personnel and connected Related Parties : Each Director and Key Managerial Personnel shall at the beginning of financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable. The Company shall also identify Related Party Transactions, if any, with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

4.1.3 The Company will identify the potential transactions with the Related

Parties. 4.2 Review and approval of Related Party Transactions

4.2.1 Audit Committee:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, 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.

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.

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 4.2.1 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.

This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

6. SHAREHOLDERS:

All the Material Related Party Transactions shall require approval of the shareholders through special resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the requirements specified above 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

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

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 disclosed to the stock exchange quarterly along with the compliance report on corporate governance. The Company shall disclose the Policy on its website and web-link shall be provided in the Annual Report.

The Company shall also submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

9. AMENDMENT IN LAW:

Any subsequent amendment/ modification in the Listing Regulations and/or applicable laws in this regard shall automatically apply to this Policy.

THRESHOLD LIMITS FOR RELATED PARTY TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND ON ARMS-LENGTH BASIS

The financial threshold limits for related party transactions as required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as approved by the Board of Directors of the Company are as mentioned below:

Sr. No.	Nature of transactions	Threshold limits (₹ in lakhs)
1.	Sale, purchase or supply of any goods or materials	40020
2.	Selling or otherwise disposing of, or buying, property of any kind	-
3.	Leasing of property of any kind	24
4.	Availing or rendering of any services	-
5.	Appointment of any agent for purchase or sale of goods, materials, services or property	-
6.	Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company	-
7.	Underwriting the subscription of any securities or derivatives thereof, of the Company	-
8.	Royalty received	-
9.	Other transactions in the ordinary course of business	500.00
