



1. Preamble:

Hisar Metal Industries Limited (herein after referred as “the Company”) has always been committed to good corporate governance practices. 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.

The Board of Directors has adopted this policy upon recommendation of the Audit Committee. The said policy include materiality thresholds and the manner of dealing with Related Party Transactions (“the Policy”) in compliance with the requirements of the Companies Act, 2013, Rules laid down thereunder and Clause 49 of the Listing Agreement with the Stock Exchanges. Amendment 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.

The 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. Definitions:

The meaning of the terms used in this Policy has been provided herein-below, however the terms used in this Policy but not defined shall have the same meanings as mentioned under the Companies Act, 2013, the Rules prescribed there-under and the Listing Agreement with the Stock Exchange as amended from time to time.

“**Act**” means the Companies Act, 2013.

“**Arm 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.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

“**Board**” means Board of Directors as defined under the Companies Act, 2013.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013.

“**Material Related Party Transaction**” means a transaction with a related party if the transaction / transactions to be entered into 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 of the Company.

“**Policy**” means Related Party Transaction Policy.

“**Related Party**” means related party as defined under the Companies Act, 2013 and in Clause 49 of the Listing Agreement as amended from time to time.

“**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.

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

“**Relative**” means a relative as defined under the Companies Act, 2013.

The terms **Director, Chief Financial Officer, Company Secretary**, shall have the same meaning as assigned under the Companies Act, 2013.

3. Policy:

All Related Party Transactions must deal with in accordance with the prescribed manner stated below:

➤ Identification of Potential Related Party Transaction

All Directors and Key Managerial Personnel (KMPs) shall at the beginning of the financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the financial year. In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.



➤ **Review and Approval of Related Party Transactions**

Audit Committee:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at meeting or by resolution by circulation. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature and are in ordinary course of business and satisfy the Arm's Length basis, subject to the compliance of conditions contained in Clause 49 of Listing Agreement.

Any member of 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 Agreement.

While considering any Related Party Transactions, the Audit Committee shall take in to 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.

Board of Directors:

If the 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 shall apply to the Board's review and approval of the matter, with such modification 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.



Shareholders:

In order to deal with Material Related Party Transactions, the Company shall comply with the provisions of the Companies Act, 2013, the Rules prescribed thereunder and the Listing Agreement with the Stock Exchanges as amended from time to time and obtain necessary approval of the Board or its shareholders, as applicable, for such transactions.

All the transactions, other than material related party transactions, with the related party/ies which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders if so required under any law and the related party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

4. 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 the 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 deemed appropriate under the circumstances.

5. Disclosure:

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and also in its Annual Report as may be required under the Act and the Listing Agreement.

Further, the Company shall quarterly disclose the details of all material transactions with related party, if any, along with the compliance report on corporate governance.

6. Amendment in law:

Any subsequent modification / amendment in Listing Agreement and/or applicable law shall automatically apply to this policy.