POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

OBJECTIVES

The Board of Directors, hereinafter referred to as "the Board" of Hindoostan Mills Ltd., has adopted Related Party Transactions Policy, hereinafter referred to as "this Policy" to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval. This Policy also aims to comply with the provisions of Section 188 of the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (SEBI listing regulations) as amended. This Policy applies to transactions between the Company and one or more of its Related Party(ies) as defined herein below. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

DEFINITIONS

The term **Related Party, Related Party Transactions and Relative** will carry the meaning as stated under the Companies Act, 2013 read with Rules made thereunder and further read with SEBI listing regulations.

Material Related Party Transaction means a Related Party Transaction which individually or taken together with previous transactions during the accounting year, exceeds threshold limit as stated hereinafter or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI Listing Regulations, as amended from time to time, whichever is stricter.

IDENTIFICATION OF RELATED PARTIES AND POTENTIAL RELATED PARTY TRANSACTIONS

Each director, nominee for director and Key Managerial Personnel is responsible for providing written notice to the Board of Directors of any potential Material Related Party Transaction involving him or her or his or her Relative(s), including any additional information about the transaction that the Board may reasonably request. The Board after discussion among themselves and if required in consultation with the outside counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Material Related Party Transaction well in advance so that the Chief Financial Officer / Head of Finance has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority.

In addition, each director, nominee for director is required to complete a questionnaire in connection with the annual disclosure that asks about themselves, their Relatives and any current, past and proposed Related Party Transactions.

POLICY ON RELATED PARTY TRANSACTION

1. The Company shall not enter into any transaction/contract/ arrangement or any subsequent modification thereof with a Related Party without the prior approval of the Audit Committee unless the transaction /contract/ arrangement / modification enjoys any exemption as provided under the Companies Act, 2013 or Rules made thereunder or under the SEBI Listing Regulations.

2. Only Independent Directors who are members of the Audit Committee can approve related party transactions with effect from January 01, 2022.

3. The Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered into by the company, subject to the conditions as stated under Regulation 23(3) SEBI Listing Regulations.

4. In the event of any transaction/contract/modification or arrangement with a related party is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such transaction/ contract /arrangement / modification.

5. Material modification will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

6. All material related party transactions and subsequent material modifications as defined by the Audit Committee under sub regulation (2) of Regulation 23 of SEBI (LODR) 2015 as amended, shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

7. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

    i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

    ii. the transaction is not material related party transactions as defined above;

    iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

iv. the details of ratification shall be disclosed along with the disclosures of related party transactions to the Stock Exchange as required pursuant to regulation 23(9) of SEBI (LODR) Regulation 2015 as amended;

v. any other condition as specified by the audit committee:

Any failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

8. Any contract or arrangement entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

POLICY ON MATERIAL RELATED PARTY TRANSACTION

All Material Related Party Transactions and any subsequent material modification as defined earlier shall require prior approval of the shareholders through ordinary resolution. However, prior approval of shareholders of the Company shall not be required for such cases as may be prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended or as notified by any regulatory authority.

The explanatory statement for this purpose of such resolution should contain the particulars as stated under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

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 one thousand crore or ten per cent of the annual consolidated turnover of the listed entity, whichever is lower.

Also, 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.

THRESHOLD LIMITS FOR DEALING WITH RELATED PARTY TRANSACTIONS

Sl. No.	Nature of transaction with a related party	Threshold limit till which related party transaction can be carried out with Board approval	Threshold limit till which related party transaction can be carried out with shareholders' approval (*)
a	Sale, purchase or supply of any goods or materials directly or through appointment of agent	Up to 10% of the consolidated turnover	No upper limit
b.	Selling or otherwise disposing of or buying property of any kind, directly through or appointment of any agent	Up to 10% of the net worth of the company	No upper limit
c	Leasing of property of any kind	Up to 10% of the consolidatedturnover	No upper limit
d	Availing or rendering of any services, directly or through appointment of agent	Up to 10% of the consolidated turnover of the company	No upper limit
e	Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration up toRs. 2,50,000/-	No upper limit
f	Payment towards brand usage or royalty	Up to 5% of Annual Consolidated Turnover	No upper limit

(*) Shareholders reserve the right to specify maximum permissible limit up to which transaction with a respective related party may be carried out in a financial year, in the event whereof such permissible limit will be reckoned as threshold limit for the purpose of this policy.

Note:
'Networth' or 'Consolidated Turnover' or 'Turnover', wherever specified shallrefer to respective figures as per last audited financial statement.

EXEMPTION TO RELATED PARTY TRANSACTIONS

Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation. The requirement of disclosure of the aforesaid transaction to the stock Exchange is not required.

Also, any retail purchases from the listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees and directors shall not be treated as Related Party Transaction.

DISCLOSURE

Disclosure will be made in the Company's Annual Report of the particulars of the transactions/contract / arrangement / modification with the Related Parties as a part of Board's Report. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website This Policy will also be uploaded in the website of Hindoostan Mills Ltd., and the web link will be provided in the Annual Report.

POLICY INTERPRETATION AND REVIEW

In case of any subsequent changes in the provisions of the Companies Act, 2013, SEBI Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. This Policy will be reviewed as and when required but at least once in three years, by the Board of directors.

THIS POLICY ON RELATED PARTY WAS EARLIER REVISED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 14-02-2024