

THE INDIAN HUME PIPE COMPANY LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

1. Objective :

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made there under (“the Act”), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended or re-enacted from time to time (“Listing Regulations”) and which relate to the identification of the Related Parties and governance, approval, disclosures of the Related Party Transactions, wherever required.

2. Definitions :

- 2.1 Arms’ Length Transactions: “Arms’ Length Transaction” shall mean: (a) a transaction between the Company and the Related Party that is conducted as if they were unrelated, so that there is no conflict of interest and (b) the price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed inter-alia in Transfer Pricing Guidelines prescribed under the Income- tax Act, 1961.
- 2.2 Ordinary Course of Business: “Ordinary Course of Business” shall mean the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- 2.3 Promoter and Promoter Group shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 2.4 Related Party: “Related Party” as per the provisions of Companies Act, 2013 and Listing Regulations shall mean:
- (i) a related party as defined under Section 2(76) of the Act;
 - (ii) a related party as defined under the applicable Indian Accounting Standards;
 - (iii) any person or entity forming a part of the Promoter or Promoter group of the Company;

- (iv) any person or entity, holding equity shares of 20% (10% effective from April 1, 2023) or more 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 immediately preceding financial year.

2.5 Related Party Transaction(s): "Related Party Transaction" shall mean a transaction involving transfer of resources, services or obligations between:

- a) 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
- b) 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 Company or any of its subsidiaries, effective April 1, 2023: 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:

It shall also include:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company and
- vii. underwriting the subscription of any securities or derivatives thereof, of the Company.

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 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.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from any 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:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

2.6 “Material modifications” to the related party transaction shall mean modification to the material related party transaction which exceeds 30% of the monetary consideration amount defined by the Audit Committee or such other parameters/ limits defined from time to time by the Audit Committee and that such material modifications to the material related party transaction with a Related Party 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 Company as per the last audited financial statements of the Company, whichever is lower or entering in to material related party contracts / arrangements / transactions with a related party/parties from the financial year 2021-22 and subsequent/succeeding financial years upto the limit of Rs.200 Crores (Rupees Two Hundred Crores Only), per annum as per resolution passed by the Shareholders of the Company on 11th November, 2021 through Postal Ballot.

2.7 “Material Related Party Transactions” - 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 as per the last audited financial statements of the listed entity, whichever is lower or entering in to material related party contracts / arrangements / transactions with related party/parties from the financial year 2021-22 and subsequent/ succeeding financial years upto the limit of Rs.200 Crores (Rupees Two Hundred Crores Only), per annum.

3. Identification of Related Parties: The Company may seek required disclosures or information from Directors and/or Key Managerial Personnel or other entities to identify a related party, in such form or manner as per the Act/ Listing Regulations, applicable laws, as amended from time to time.

Review and Approval of Related Party Transactions:

4. Approval by the Audit Committee:

4.1 The Company shall not enter into any transactions with any Related Party and/or make subsequent material modifications to such transactions without prior approval of the Audit Committee of the Company. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

4.2 However, the Audit Committee may grant omnibus approval for Related Party Transactions, which are repetitive in nature, proposed to be entered into by the Company, which shall be valid for a financial year and fresh approval shall be obtained from the Audit Committee every financial year. Further, where the need for Related Party Transaction cannot be foreseen and required details are not available, the Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs.1.00 crore per transaction.

4.3 The Audit Committee shall consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

4.4 The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

- 4.5 In addition to the above, prior approval of Audit Committee of the Company shall be required for a related party transaction where the subsidiary(ies) of a Company is a party but the Company is not a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company (w.e.f April 1, 2023, 10% of the annual standalone turnover, as per the last audited financial statements of such Subsidiary).
- 4.6 Remuneration and sitting fees paid by the Company 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 Regulation 23(1) of Listing Regulations.
- 4.7 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 in terms of the provisions of Regulation 23(1) of Listing Regulations;
 - 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 in terms of the provisions of Regulation 23(9) of Listing Regulations;
 - v. any other condition as specified by the audit committee.

Provided that 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.

5. Approval of the Board :

- 5.1 The above Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval including :
- a. Transactions not at arm's length.
 - b. Transactions not in ordinary course of business.
 - c. Material Related Party transactions as specified in Clause 2.7.
 - d. Material modifications as defined by the Audit Committee.
- 5.2 The Board of Directors shall consider the information/documents related to Related Party Transactions as placed before it and either approve or reject the same on merit.

6. Approval by the Shareholders :

- 6.1 The following Related Party Transactions shall, after the approval of the Audit Committee and the Board, shall also be placed before the shareholders for their prior approval:
- a. All subsequent Material Modifications as specified in Clause 2.6 and all Material Related Party transactions as specified in Clause 2.7 and subsequent material modifications thereto.
 - b. All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act, thereby requiring the approval of shareholders.
 - c. above sub-clause (a) and (b) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- 6.2 Ratification of Related Party Transactions in exceptional cases: Any Related Party Transaction, which is not under omnibus approval, entered into by the Company with a Related Party, without obtaining the consent of Audit Committee or the Board of Directors or approval of shareholders in General Meeting, can in genuine cases be ratified by the Audit Committee or the Board of Directors or the shareholders at a General Meeting, as permitted under the applicable laws.
- 6.3 While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as

prescribed under the Laws or by the Audit Committee or the Board, shall be provided to the Audit Committee, Board or Shareholders, as the case may be.

7 Prior Consent of the Board and the Shareholders would be taken in respect of all RPTs, including material modifications thereof, except in the following cases:

- 7.1 Where the transactions are below the threshold limits specified in the Companies Act, 2013 & Rules thereunder or the SEBI Listing Regulations, as may be applicable;
- 7.2 Where the transactions are entered into by the company in its ordinary course of business and are on arms' length basis;
- 7.3 Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed Rs.1,000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower; or entering in to material related party contracts / arrangements / transactions with a related party/parties from the financial year 2021-22 and subsequent/succeeding financial years upto the limit of Rs.200 Crores (Rupees Two Hundred Crores Only), per annum as per resolution passed by the Shareholders of the Company on 11th November, 2021 through Postal Ballot.

8 General Exemption:

No Approval required in the following cases:

- a. transactions entered into between two public sector companies;
- b. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- c. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- d. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

- e. transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

9 Disclosure:

Disclosures as appropriate concerning the related party transactions and/or Material Related Party Transactions shall be made in the Annual Report of the Company including its Financial Statements, on the website of the Company and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed, from time to time.

10 Miscellaneous:

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

10.2 Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Indian Accounting Standards and other applicable provisions for the time being in force.

10.3 In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of the Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall mutatis mutandis apply to /prevail upon this Policy.

Document History Approved by:

Board of Directors and adopted on 12th November, 2014

1st Amendment on: 29th May, 2019

2nd Amendment on: 12th February, 2020

3rd Amendment on: 21st April, 2022

4th Amendment on 12th February, 2025

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