



HARISH TEXTILE ENGINEERS LIMITED

POLICY ON MATERIAL RELATED PARTY TRANSACTIONS

Harish Textile Engineers Limited

CIN: L29119MH2010PLC201521

**Registered Office: 2nd Floor, 19 Parsi Panchayat Road, Andheri East. Mumbai-400069, Maharashtra, India.
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1. BACKGROUND

This policy is framed pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The said Regulation mandates every Listed Company to formulate a Policy on dealing with the Material Related Party Transactions and shall apply to all the transactions entered into by the Company with its Related Parties as per the applicable laws and regulations, including the Companies Act, 2013 (the "Companies Act") read with the rules framed thereunder.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

- (a) The materiality thresholds for related party transactions and;
- (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI (LODR) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

- i. **"Act"** means the Companies Act, 2013 and the rules made there under, as amended from time to time;
- ii. **"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;
- iii. **"Ordinary course of business"** means the usual transactions 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;
- iv. **"Company"** shall mean Harish Textile Engineers Limited;

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- v. **"Board"** shall mean Board of Directors of the Company;
- vi. **"Audit Committee or Committee"** shall mean Committee of Board of Directors of the Company constituted in accordance with provisions of the Listing Regulations and the Companies Act, 2013;
- vii. **"Related Party"** shall have the same meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;
- viii. **"Relative"** shall have the same meaning as defined in Section 2(77) of Companies Act, 2013 and Regulation 2(1) (zd) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;
- ix. **"Related Party Transaction"** means a transaction between the Company and a Related Party which transaction is of the nature specified in sub-clause (a) to (g) of section 188(1) of the Companies Act, 2013, or is a related party transaction as understood under Regulation 2(zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- x. **"Material Related Party Transaction"** means a transaction to be entered into with the Related Party 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;
- xi. **"Regulations"** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification or re-enactment thereof.

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- xii. **"Key Managerial Personnel"**, in relation to a company, means—
- (i) The Chief Executive Officer or the managing director or the manager;
 - (ii) The Company Secretary;
 - (iii) The whole-time director;
 - (iv) The Chief Financial Officer; and
 - (v) Such other officer as may be prescribed.

4. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

In addition to any other declaration/disclosure which may be required to be made under the Companies Act, 2013 and the rules made thereunder, and the Listing Regulations, every director and key managerial personnel shall provide a written declaration to the Company Secretary or any other officer of the Company authorized by the Board of Directors, containing the following information

- a. List of Relatives
- b. List of firms in which he/she or his/her relative is a partner.
- c. List of private companies in which he/she is a member or director.
- d. List of public companies in which he/she is a director and holds either individually or along with his/her relatives more than 2% of the paid up share capital;
- e. List of bodies corporate whose Board of Directors, Managing Director, or Manager is accustomed to act in accordance with his/her directions, instructions or advice (other than directions, instructions or advice given in a professional capacity).
- f. List of persons/bodies corporate on whose directions, instructions, or advice he/she is accustomed to act (other than directions, instructions, or advice received in professional capacity).

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The Director and the Key Managerial Personnel shall immediately intimate the Company Secretary or any other officer authorized by the Company, regarding any changes in the aforesaid declaration.

Every Director, Key Managerial Personnel of the Company shall give a prior notice to the Company regarding a potential Related Party Transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details and documents.

5. PROCEDURE FOR APPROVAL OF MATERIAL RELATED PARTY TRANSACTION

i. Approval of the Audit Committee:

All the Related Party Transactions to be entered by the Company shall require prior approval of the Audit Committee. However, the Company may obtain an omnibus approval from the Audit Committee for such transactions, subject to compliances with the conditions as specified in Section 188 of Companies Act, 2013 read with the relevant rules made thereunder and the provisions of Regulation 23 of the Regulations.

ii. Approval of the Board of Directors:

As per the provisions of Section 188 of the Companies Act, 2013, all the Related Party Transactions which are not in the ordinary course of business or not at arm's length basis, are required to be placed before the Board for its approval.

iii. Approval of the Shareholders of the Company:

All the transactions with related parties exceeding the materiality thresholds and all kinds of transactions specified under Section 188 of

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the Act which (a) are not at Arm's Length or not in the ordinary course of business and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, are required to be placed before the shareholders for their approval. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

6. AMENDMENT:

This policy shall be subject to review by the Board of Directors from time to time. The amendment to this policy shall be subject to the recommendations by the Audit Committee and approved by the Board of Directors. Any subsequent amendment / modification in the Regulations shall automatically apply to this Policy.

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