



## **Related Party Transaction Policy**

*[Effective Date: 10.02.2018 Last Amended Date: 10.05.2025]*

### **1. PREFACE**

The Board of Directors ("the Board") of High Energy Batteries (India) Ltd ("the Company") have adopted this policy and associated procedures with regard to Related Party Transactions (RPT). This has been framed in deference to the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations 2015.

This policy applies to transactions between the company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions (RPT) including material transactions.

This policy is in supersession of the policies earlier approved by the Board from time to time and shall be effective from 04<sup>th</sup> November 2023.

### **2. PURPOSE**

The purpose of this policy is to bring parity on all transactions entered by the Company with its related parties by emphasizing that such transactions are entered on "**arm's length basis**". Further Section 188 of the Companies Act, 2013 elaborates the purpose and the manner in which such related party transactions need to be carried out by the Company.

### **3. APPLICABILITY**

This policy is applicable to transactions with those related parties as follows:

- a director or his relative;
- a key managerial personnel or his relative;
- a firm, in which a director, manager or his relative is a partner;

- a private company in which a director or manager or his relative is a member or director;
- a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- Any Body corporate(\*) whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- any person on whose advice, directions or instructions a director or manager is accustomed to act
- such other person as may be prescribed;

**(\*) Body Corporate means**

(A) a holding, subsidiary or an associate company of such company;

(B) a subsidiary of a holding company to which it is also a subsidiary; or

(C) an investing company or the venturer of the company;

Explanation —For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

#### **4. DEFINITION**

Words and expressions used in this policy shall have the meanings assigned to them in the Companies Act, 2013 read with relevant Rules thereof, SEBI Regulations, Accounting Standard and/ or other applicable Regulations.

#### **5. OBJECTIVES**

- This policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the company and any of its Related Parties having regard to the potential or actual conflicts of interest that may arise because of entering into these RPTs. Its cardinal objective is compliance with the applicable Laws and Regulations.

- The provisions of this policy are designed to govern the approval process and disclosure requirements to achieve transparency in the conduct of RPT in the best interest of the company and its shareholders.

## **6. POLICY DETAILS & PROCEDURES**

### **6.1. MATERIALITY THRESHOLDS**

- As per the Explanation under Regulation 23(1), a transaction with 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 exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- Material modification for purpose of this policy means any modification(s) in the pricing, quantity or overall transaction value that has an effect on cumulative effect of increasing the value of previously approved RPT by 10% (ten percent) or more.

Provided that in the case of an RPT where formula based pricing is adopted and approved, any change in transaction value without change in the originally approved pricing formula shall be excluded for reckoning material modification.

### **6.2. ABOUT THE COMPANY**

The company belonging to Seshasayee Paper & Boards Limited (SPB) Group which is professionally managed is deeply committed to the core values of corporate governance concepts. It strives to maintain the highest ethical standards in the conduct of business and has steadfastly stood for the principle of arm's length dealing with Related Parties.

### **6.3. IDENTIFICATION OF RPT**

- The Company Secretary will use the disclosures under Section 189(2) of the Companies Act, 2013, engage with the MD & CFO and keep constant track of potential RPT for early identification.

- An employee of the company who is aware of any transaction that is or may be perceived to be an RPT shall bring the same to the attention of Audit Committee through the Company Secretary.
- All Directors and KMPs are responsible for providing notice to the Company Secretary of any potential RPT involving them or their relatives, including any additional information about the transaction that the Audit Committee may require.

#### **6.4. TERMS OF THE POLICY**

##### **A. Approval of Audit Committee**

- All RPTs of the company as prescribed under the Companies Act, 2013 and the Listing Regulations will be approved by the Audit Committee of the Board.
- While all members of the Audit Committee can participate in the discussion, only independent directors therein can approve the RPT and subsequent material modification thereto.
- The company shall provide all relevant information on the RPT, including but not restricted to those specified in SEBI Master Circular dated 11<sup>th</sup> November 2024 and as amended from time to time, for the Audit Committee to have full clarity and arrive at an informed decision.
- The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

##### **B. Omnibus Approval**

- The company may obtain omnibus approval from the Audit Committee in respect of RPTs that are repetitive in nature.
- The Audit Committee will lay down the criteria for granting the omnibus approval in line with the policy.

- The Audit Committee shall, after obtaining the approval of Board of Directors, specify the criteria for giving omnibus approval. It shall follow the requirements under Rule-6A of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.
- Only the independent directors of the Audit Committee are entitled to vote on the omnibus approval.
- The Audit Committee will review in each of its meeting, at least on a quarterly basis, the details of RPTs in pursuance of each of the omnibus approval given.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

#### **C. Circular Resolution**

In an unforeseen event where an RPT not covered by omnibus approval needs to be entered due to business exigencies between two Audit committee meetings, the Audit Committee may approve such RPT by passing a resolution by circulation.

#### **D. Ratification**

Ratification of an RPT after its commencement or completion will be approved by the Audit Committee only in exceptional circumstances and after recording the justification for its decision in writing. While so ratifying, the Audit Committee may impose such conditions or modifications as it deems fit.

An RPT entered into without prior approval or not covered by the omnibus approval of Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly and reasonably as practicable after being noticed as an RPT.

#### **E. Board review**

If the Audit Committee determines that a particular RPT should be brought before the Board or if the Board on its own accord elects to review any such matter or it is mandatory under any law for the Board to approve such RPT, then the Board shall consider and approve such RPT. In doing so, the Board may impose such condition or modification as may be necessary or appropriate under the circumstances.

## **F. Shareholder approval**

- All material RPTs shall require the approval of shareholders through Special or Ordinary Resolution as specified under the Companies Act, 2013 and SEBI Regulations, from time to time.
- The concerned Related Party or all the Related Parties as stipulated under the Companies Act, 2013 and SEBI Regulations, from time to time shall abstain from voting on such Resolution.

All RPTs in excess of the limits prescribed under the Companies Act, 2013 from time to time that are not in the ordinary course of business or are not at arm's length shall require the prior approval of shareholders as prescribed and the concerned Related Party shall abstain from voting thereon. For this purpose, the Board shall determine on the recommendations of Audit Committee whether or not the transaction is in the ordinary course of business and/ or at arm's length. In doing so, the Board at its discretion may seek expert professional opinion and rely on same.

- The Notice to shareholders for the above purpose shall disclose the details required under the Companies Act, 2013, SEBI circular dated 22.11.2021 as amended from time and other information considered desirable or necessary by the Board of Directors.

### **6.5. TRANSACTIONS NOT REQUIRING APPROVAL**

Notwithstanding the foregoing, transactions that are not required to be considered as an RPT for purpose of approval of Audit Committee under SEBI (LODR) Regulations 2015 or in terms of specific exemption granted under applicable Laws & Regulations shall not require separate approval under this policy.

- Transactions pertaining to the appointment and remuneration and sitting fees paid by the listed entity or its subsidiary to its , Directors or KMPs or senior management, that are already approved by the Nomination cum Remuneration Committee of the Board and also the reimbursement of reasonable expenses incurred by them in the normal course of business.
- Transactions that have been approved by the Board under specific provisions of the Companies Act, 2013.

- Transactions in which Related Party's interest arises solely from ownership or securities issued by the company where all security holders including Related Party receive benefits on pro-rata basis.

#### **6.6. GENERAL**

- The company, the Audit Committee or the Board shall comply with applicable provisions of the Companies Act, 2013 read with relevant Rules, Circulars/ clarifications thereof, Listing Regulations and Accounting Standard. The approval process, voting rights, disclosures shall all be in strict compliance of extant Rules and Regulations.
- This policy will be communicated to all operational heads and other concerned employees of the company.
- This policy shall be disclosed on the website of the company and the web link thereto shall be provided in the Annual Report.
- This policy will be reviewed once in every three years, or earlier if considered necessary, by the Board or the Audit Committee may amend the policy from time to time and update accordingly.
- Any interpretation, determination or other action taken by the Audit Committee or the Board shall be final and binding on the concerned Related Party.
- The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

#### **7. REVIEW AND AMENDMENT**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the statutory provisions and remains effective. This Policy shall be reviewed periodically and may be amended by the Board, as may be deemed necessary. On any amendment of the Policy, the same will be published on the Company's website.

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