

## HATHWAY BHAWANI CABLETEL & DATACOM LIMITED

### RELATED PARTY TRANSACTIONS POLICY

#### 1. Background

The Board of Directors (the “**Board**”) of Hathway Bhawani Cabletel & Datacom Limited (the “**Company**”) has pursuant to the meeting of the board of directors dated November 14, 2014 adopted the following policy on Related Party Transactions as defined below (“**RPT Policy**/ “**Policy**”). The Policy shall be effective from the date of approval by the board of directors.

The policy has been amended by the Board pursuant to the resolution of the board of directors dated January 24, 2019 in line with SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

The RPT Policy is prepared to comply with the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Related Party Transactions which require compliance with other provisions of the Companies Act, 2013 (other than Section 188 of the Companies Act, 2013), or any other applicable laws will be complied by the Company and are not covered in this policy

#### 2. Definitions

“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under the Regulations.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted as per the Regulations.

“**Key Managerial Personnel**” or “**Key Management Personnel**” means Key Managerial Personnel ( ‘KMP’ ) as defined in section 2(51) of the Companies Act, 2013 and the Rules made thereunder which include (i) the Chief Executive Officer or the Managing Director or the Manager (ii) the Company Secretary (‘CS’); (iii) the Whole-time Director; and (iv) the Chief Financial Officer and (v) such other officer as may be prescribed.

“**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Material related party transactions**” as per Companies Act, 2013 is as defined in *Annexure 1* to this policy.

**“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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

Notwithstanding the above, 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

**“Ordinary Course of Business”** means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association, Articles of Association or any other applicable factors like market conditions, industry practices etc.

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

**“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

**“Relatives”** shall have the meaning ascribed to the term under section 2(77) of the Companies Act, 2013 Act and the Rules thereunder.

**“Related Party Transaction”** (‘RPT’) means all the transactions between the Company on one hand and one or more related party/ parties on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/ or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### **3. Policy for Identification of Related parties**

- On an annual basis, the CS shall request a disclosure from each Director and each KMP and other related party/ parties within the meaning of section 2(76), 184 and 189 of the Companies Act, 2013 and applicable provisions of SEBI (LODR) in the prescribed format as specified in the regulations.
- Directors and KMP’s would be responsible for promptly notifying the CS in case of any changes/ updates occurring in the related party/ parties and in respect of details pertaining to such related parties declared by them.
- Any individual appointed/ elected as a Director or KMP shall be responsible to promptly complete and submit to the CS, the disclosure declaration referred above.
- The CS shall be informed in advance regarding RPT who shall put up or present the same to the Audit Committee/Board for its review and approval.

#### 4. Policy for approval of related party transactions

The Company will identify related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company will determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

- If transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business:
  - I. The memorandum of Association of the Company should cover such transaction;
  - II. There are previous instances of the Company having carried out such transaction;
  - III. These transactions are frequent over a period of time;
  - IV. The transaction should be in furtherance of the business objectives of the Company;
- This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.
- All transactions by the Company with related parties shall require prior approval of the Audit Committee irrespective of its materiality as specified in the Listing Regulations. Prior approval of Audit Committee is not required for RPTs entered into between the Company and its wholly owned subsidiary.
- The Audit Committee will lay down the criteria for granting omnibus approvals to repetitive transactions, as envisaged in the Listing Regulations. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be one crore of the annual consolidated turnover of the company as per last its audited financial statements.
- Transactions of following nature will not be subject to omnibus approval of the Audit Committee:
  - I. Transactions which are not repetitive in nature;
  - II. Transactions involving sale or disposal of an undertaking of the Company;
  - III. Transactions involving sale or disposal or assignment of any significant or critical asset of the Company.
- The Audit Committee shall on quarterly basis review the RPT, including the omnibus approvals granted.
- Transactions which are proposed at a variation from the omnibus approval will be place before the Audit Committee for appropriate action including amending the criteria basis which the omnibus approval was granted or granting a specific approval.
- All RPTs which are not in Ordinary Course of Business or not at Arm's Length or both or are material in nature will additionally require prior approval of Board of Directors.
- All Material Related Party Transactions as per Section 188 of the Companies Act, 2013 (as set out in Annexure I) and/or Listing Regulations (as amended from time to time) will additionally require prior approval of shareholders through a resolution.

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 20% of

the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

- The RPT Policy will be reviewed by the board of directors at least once every three years and updated accordingly.

#### **5. Other points:**

- Disclosures with respect to RPT shall be made as per applicable provisions of the Regulations
- Every person associated with RPT shall be accountable for complying with this RPT Policy that may be in force from time to time. Director or KMP or any other employee, who had entered into or authorised the contract or arrangement in violation of the RPT Policy and RPT Framework shall be guilty of non-compliance.
- In case of breach of this Policy, Audit Committee and/or Board may initiate appropriate action against the person(s) responsible.
- A person shall not be eligible for appointment as a Director of a Company if he has been convicted of an offence under Section 188 of the Act in respect of RPT at any time during the preceding five years.
- The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking appropriate actions / steps for prevention or remedy of any breach and / or defaults in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Listing Regulations.
- In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy by the Committee/Board, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification. The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting 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 action as the Committee deems appropriate under the circumstances.

#### **6. Limitation and Amendment**

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

#### **7. Disclosures & Reporting**

- This Policy shall be disclosed on the website of the Company and a web link to the policy shall be provided in the Annual Report.
- The details of Related Party Transactions shall be disclosed in the Annual report of the Company, the Stock Exchanges and other regulatory bodies as per the provisions of applicable accounting standards, the Act, Listing Regulations or any other applicable laws and regulations.

**Annexure 1 – Material related party transaction**

<b>Sl. No.</b>	<b>Prescribed Transaction Category</b>	<b>Companies Act, 2013</b>
1	Sale, purchase or supply of any goods or materials directly or through agents	Transactions exceeding 10% of company's annual turnover* or 100 crore, whichever is lower**
2	Selling or otherwise disposing off, or buying, property of any kind directly or through agents	Transactions exceeding 10% of company's net worth* or 100 crore, whichever is lower**
3	Leasing of property of any kind	Transactions exceeding 10% of company's net worth* or 100 crore, whichever is lower**
4	Availing of or rendering any services directly or by appointing agents	Transactions exceeding 10% of company's net worth* or 50 crore, whichever is lower**
5	Related party's appointment to any office or place of profit in the Company or its subsidiary company or associate company	Monthly remuneration exceeding INR 0.25 million (per month)
6	Underwriting the subscription of any securities or derivatives thereof of the company	Transactions exceeding 1% of Company's net worth*
7	Any other related party transaction	N.A.

\* The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding financial year

\*\* Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year