
HARIYANA SHIP BREAKERS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS AND

RELATED MATTERS

Amended on May 29, 2026

POLICY ON RELATED PARTY TRANSACTIONS AND RELATED MATTERS

1. INTRODUCTION

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("SEBI LODR Regulations") mandates listed entities to formulate a policy on materiality of related party transactions and on dealing with the related party transactions. Accordingly, this Policy has been adopted by the Board of Directors of Hariyana Ship Breakers Limited ("Company"), in order to set forth the procedures to be followed by the Company for dealing with the Related Party Transactions and also for determining materiality of the Related Party Transactions (as defined herein below), in terms of the relevant provisions of the Companies Act, 2013 (including any statutory amendment and/or modification thereof, for the time being in force) read with the rules made thereunder (as amended) ("Act") and the SEBI LODR Regulations.

2. OBJECTIVE

This Policy:

- (a) sets the materiality thresholds for related party transactions;
- (b) defines material modification;
- (c) sets the manner of dealing with and disclosing the transactions between the Company and its related parties as required under the Act, the SEBI LODR Regulations and other laws and regulations as may be applicable to the Company; and
- (d) lays down the guiding principles and mechanism to ensure process for approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

- 3.1 **"Act"** means the Companies Act, 2013 (including any statutory amendment and/or modification thereof, for the time being in force) read with the rules made thereunder (as amended).
- 3.2 **"Arm's Length basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 3.3 **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in terms of the provisions of Section 177 of the Act read with Regulation 18 of the SEBI LODR Regulations.
- 3.4 **"Board" or "Board of Directors"** means the Board of Directors of the Company.
- 3.5 **"Company"** means Hariyana Ship Breakers Limited, registered in India under the Companies Act, 1956 having CIN: L61100MH1981PLC024774.
- 3.6 **"Key Managerial Personnel"** in relation to the Company shall be as defined under Section 2(51) of the Act, as amended from time to time.

3.7 **“Material Modifications”** in relation to any existing/ proposed Related Party Transaction(s) as approved by the Audit Committee and/or Board of Directors and/or Shareholders (as may be applicable), shall mean - any change or variation or modification in any of the terms & conditions with respect such Related Party Transaction(s), whether due to change in terms of the agreement with such Related Party or regulatory changes or for any other reason,

(i) the financial effect of which is an increase in the per annum value of the relevant Related Party Transaction by 10% or more; or

(ii) by which such transaction ceases to be in ordinary course and/or on arm’s length basis; or

(iii) such other parameters as may be determined by the Audit Committee from time to time.

3.8 **“Material Related Party Transaction”** means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

(i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements of the Company;

(ii) In case of any other transaction(s), if the amount exceeds the thresholds specified in Schedule XII of SEBI LODR Regulations.

3.9 **“Ordinary Course of Business”** in relation to a Related Party Transaction shall mean normal course of the business pursuant to the objects of the Company, as per the constitution/ charter documents of the Company.

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

3.11 **“Promoter and Promoter Group”** shall have the respective meanings assigned to them under the SEBI LODR Regulations and the Act.

3.12 **“Related Party”**, with reference to a Company, shall have the meaning as defined in Section 2(76) of the Act read with Regulation 2(1)(zb) of the SEBI LODR Regulations.

3.13 **“Related Party Transaction” (RPT)** means-

- for the purpose of the Act, such transactions of the Company with Related Parties, as specified in clause (a) to (g) of Section 188(1) and in Section 177(4)(iv) of the Act; and

- for the purpose of Regulation 2(1)(zc) of the SEBI LODR Regulations, transfer of resources, services or obligations between:

(i) the Company on one hand and a related party of the Company on the other hand;

(ii) the Company 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, regardless of whether a price is charged.

Further a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

3.14 **“Relative”** means relative as defined under Section 2(77) of the Act.

3.15 **“SEBI LODR Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

3.16 All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act read with the Rules made thereunder and the SEBI LODR Regulations, each as amended from time to time.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

4.1 Identification of Related Party Transactions

- (i) Unless otherwise provided in this Policy, all the Related Party Transactions shall be brought to the attention of the Management, the Audit Committee and/or the Board of Directors. All the Director(s) and Key Managerial Personnel shall provide necessary disclosures, from time to time, as required under the provisions of the Act and/or SEBI LODR Regulations, which shall assist the Company in identification of potential Related Parties and Related Party Transaction(s).
- (ii) Before entering into any potential Related Party Transaction, such transaction shall be reported to the Chief Financial Officer and the Company Secretary, so that it can be reviewed, internally or with the help from an outside expert, if deemed appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this Policy.

4.2 Audit Committee

- (i) All Related Party Transactions and subsequent Material Modifications thereto shall require prior approval of the Audit Committee, unless they are specifically exempted in terms of the provisions of the Act and/or SEBI LODR Regulations.
- (ii) Remuneration and sitting fees paid by the Company 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 the SEBI LODR Regulations.
- (iii) Only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions. Also, any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.
- (vii) 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:
 - a. 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;
 - b. the transaction is not Material Related Party Transaction;
 - c. rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
 - d. 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 the SEBI LODR Regulations;
 - e. any other condition as specified by the Audit Committee.

- (viii) The Audit Committee shall consider following factors while reviewing all new, existing or proposed Related Party Transactions, including Material Modifications thereto:
 - a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - b. the indicative base price / current contracted price and the formula for variation in the price if any; and
 - c. such other conditions as the Audit Committee may deem fit ("Relevant Factors"), for enabling the Audit Committee to determine whether (i) to approve such Related Party Transactions and recommend the same to the Board for its consideration and approval, if required under the Act or SEBI LODR Regulations; or (ii) to not to approve the Related Party Transaction.
- (ix) The details of the Related Party Transactions shall be presented to the Audit Committee in such format or manner as may be directed by the applicable authorities, including the Securities and Exchange Board of India ("SEBI"), from time to time.
- (x) The Audit Committee may approve Related Party Transactions intended to be carried out by the Company in particular financial year after taking into consideration the expected volume of such transactions in a Financial Year and the analysis to show that such transactions are on Arm's Length Basis.

4.3 Omnibus approval

- (i) Further, the Audit Committee may grant Omnibus Approval for the Related Party Transactions, which are proposed to be entered into by the Company and are of repetitive in nature, subject to compliances with the following conditions:
 - a. The Audit Committee shall satisfy itself regarding the need for such Omnibus Approval and that such approval is in the interest of the Company;
 - b. The Audit Committee shall consider the Relevant Factors (as mentioned above) while granting its Omnibus Approval;
 - c. In case of Related Party Transactions which cannot be foreseen and if the aforesaid details are not available, the Audit Committee may grant Omnibus Approval for such transactions, subject to value of each of such transaction does not exceed Rs. 1 Crore (per transaction);
 - d. such Omnibus Approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- (ii) The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company, pursuant to the Omnibus Approval given or other approvals obtained, if any, from time to time.
- (iii) The approval granted by the Shareholders of the Company for Material Related Party Transactions in an annual general meeting, shall be valid till the date of the next annual general meeting of the Company, held within the timelines prescribed under Section 96 of the Act or rules, notifications, or circulars issued thereunder from time to time.
- (iv) Further, in case the approvals for Material Related Party Transactions, are granted by Shareholders in general meetings other than annual general meeting, the validity of such approvals shall not exceed 1 year from the date of such approval.

- (v) In connection with any review of a Related Party Transaction, the Audit Committee shall have the authority to modify or waive any procedural requirements of this Policy.

4.4 Board of Directors

- (i) Any Related Party Transaction which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis would require prior approval of the Board, on recommendation of Audit Committee.
- (ii) The Board shall consider the Relevant Factors or such other conditions as the Board may deem fit, while reviewing Related Party Transactions, which are not in the Ordinary Course of Business of the Company or not at Arm's Length Basis.
- (iii) On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.
- (iv) Any Director who has any interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of such Related Party Transaction.

4.5 Shareholders

- (i) All Related Party Transactions which are not in Ordinary Course of Business of the Company or not at Arm's Length Basis or exceed the thresholds laid down in the Companies (Meeting of Board and its Power) Rules, 2014 and/or the SEBI LODR Regulations shall be placed before the Shareholders for its approval.
- (ii) Further, all Material Related Party Transactions and subsequent material modifications shall require prior approval of the Shareholders of the Company, irrespective of whether such Related Party Transaction is proposed to be entered into in the Ordinary Course of Business of the Company and on Arm's Length Basis or otherwise, and no Related Party shall vote to approve such resolution whether the Company is a Related Party to the particular transaction or not.

5. DISCLOSURES

- 5.1 Details of the Related Party Transactions shall be submitted to the Stock Exchanges, at such frequency and, in such format, manner and within such timelines, as may be specified by the SEBI and as set-out in the SEBI LODR Regulations. Further, the same shall be published on the website of the Company.
- 5.2 The Board's Report will contain details of contracts or arrangements or transactions (i) not at arm's length basis and (ii) material contracts or arrangement or transactions at arm's length basis and/or at ordinary course of business, along with justification for entering into such transaction as per the requirements of Act and Rules made thereunder.
- 5.3 The Policy shall be made available on the website of the Company and a web link thereto shall be provided in the Company's Annual Report.

6. ADMINISTRATIVE MEASURES

- 6.1 The Company's management shall institute appropriate administrative measures to ensure that all Related Party Transactions entered into by the Company are in compliance with the Act and the Rules framed thereunder, SEBI LODR Regulations, other applicable laws and this Policy.
- 6.2 The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned.
- 6.3 The Management shall provide certification to the Audit Committee whether the Related Party Transactions are material or not material and whether the same are on Arm's Length Basis. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee, if and as required by the Audit Committee.
- 6.4 The Chief Financial Officer and the Company Secretary shall be responsible to maintain/ update the list of Related Parties (as required in terms of applicable laws) and provide the same to all concerned.
- 6.5 All persons dealing with the Related Party(ies) shall, irrespective of their level, be responsible for compliance with this Policy. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion.
- 6.6 The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

7. INTERPRETATION AND REVIEW

- 7.1 In any circumstance where the provisions of this Policy differ from any existing or newly enacted provisions of the Act, the Rules framed thereunder, the SEBI LODR Regulations and/or applicable law, rule, regulation or standard governing the Company ("applicable laws"), the relevant provisions of the applicable laws will take precedence over this Policy until such time as this Policy is changed to conform to the applicable laws, rule, regulation or standard.
- 7.2 The Chairman of Board and Audit Committee of the Company are jointly authorised to make changes to this Policy as they may deem fit and expedient, taking into account the consequential amendments as per the extant law under the Act and the SEBI LODR Regulations and that the Policy shall stand automatically modified to the extent.
- 7.3 This Policy will be reviewed and updated by the Board as and when required but at least once in three years.
- 7.4 In case of any clarification required with respect to this Policy, the concerned may contact the Company Secretary of the Company.