

HIGH GROUND ENTERPRISE LIMITED RELATED PARTY TRANSACTION POLICY & PROCEDURE

The Board of Directors (“the Board”) of High Ground Enterprise Limited (“the Company”) has adopted the following policy regarding materiality of Related Party Transaction, dealing with Related Party Transactions and manner of pre approving transactions with related parties in terms of Clause 49(VII) of the Listing Agreement and Section 188 of Companies Act, 2013. The Board will review and may amend this policy from time to time.

No Related Party Transaction may be entered into by the Company, except in accordance with the provisions of this Policy.

(A) Definitions:

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

- 2) “Related party” means:
 - (i). A person defined as Related Party under Section 2(76) of Companies Act, 2013.
 - (ii) A person defined under the applicable Accounting Standard dealing with Related Party Disclosures.

- 3) “Transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract or arrangement.

- 4) “Related Party Transaction” means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and would include a transaction specified under Section 188(1) of the Companies Act, 2013.

- 5) “Material Related Party Transaction” means any transaction/transactions 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.

(B) Procedure for dealing with Related Party Transactions:

- (1) The Related Parties are obligated to disclose complete information about the proposed transaction with the Company, so as to enable the Company to determine whether the transaction constitutes a Related Party Transaction requiring compliance with this policy

(2) No Related Party Transaction shall be entered into by the Company without the prior approval of the Audit Committee (except for the transactions pre-approved by the Audit Committee as in Clause (6)). Any subsequent modification of transactions of the Company with related parties will also require prior approval of Audit Committee.

(3) In the event such a Related Party Transaction is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the rules made thereunder and obtain approval of the Board or its shareholders, as applicable, for such transaction.

(4) No Director who is interested in any such transaction shall be present at the meeting during discussions on the subject matter of the resolution proposed for Board/Audit Committee Approval.

(5) All material related party transactions will be placed for approval of the shareholders of the Company. This shall not be applicable for transactions with wholly owned subsidiaries of the Company whose accounts are consolidated with that of the Company.

(6) The Audit Committee may, subject to the following conditions, pre-approve certain Related Party Transactions and modifications thereto:-

(i) Need for the particular Related Party Transaction cannot be foreseen.

(ii) The transaction is at arm's length and is in the ordinary course of business and is of repetitive nature.

(iii) The transaction is not a transaction that requires approval by the Board/Shareholders under the provisions of the Companies Act, 2013 and rules made thereunder.

(iv) The Audit Committee, while granting the pre-approval, shall specify the name of the related party, nature, period, maximum amount of transaction, the indicative base price/current contracted price and the formula for variation in the price, if any, and such other conditions as the Audit Committee may deem fit. Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

(v) The Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

(vi) Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.