HONDA INDIA POWER PRODUCTS LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

New Policy adopted on February 10, 2025 in lieu of earlier policy and modifications thereto

1. SCOPE AND PURPOSE

The policy aims to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company.

The Board of Directors of Honda India Power Products Limited, has adopted the following policy and procedures with regard to the Related Party Transactions. Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") requires the company to formulate a policy with respect to transactions with its related party. This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required and shall be reviewed at least once in every three years by the Board.

2. OBJECTIVE

The objective of this Policy is to set out the manner of dealing with the transactions between the Company and its related parties based on the Act read with Rules made thereunder and any other laws and regulations as may be applicable to the Company and amended from time to time.

3. DEFINITIONS

a. **"Act"** means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.

b. **"Arms' length Transactions"**, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

c. **"Audit Committee"** shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and SEBI Listing Regulations.

d. **"Board"** refers to Board of Directors of Honda India Power Products Limited.

e. **"Company"** means Honda India Power Products Limited.

f. **"Key Managerial Personnel" or "KMP"** shall have the same meaning as defined in the Companies Act, 2013.

g. **"Material transaction"** means a transaction with a related party where any transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

h. **"Material Modification"** in relation to any transaction shall mean modification of such transaction resulting in change of more than 25% of the total monetary value of such transaction as already approved.

i. **“Related Party”** shall have the meaning as described to it in SEBI Listing Regulations and the Act, including all amendments and modifications thereof from time to time.

j. **“Ordinary Course of Business”**, shall mean the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum and Articles of Association.

k. **“Related Party Transaction”** shall have the meaning as described to it in SEBI Listing Regulations and the Act, including all amendments and modifications thereof as applicable to the Company from time to time.

l. **“Rules”** means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications or amendments thereof.

m. **“Transaction”** with a Related Party shall be construed to include single transaction or a group of transactions entered into under a single contract.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law or regulation.

4. POLICY

All the Related Party Transactions and subsequent Material Modifications thereto proposed to be entered into by the Company shall require prior approval of the Audit Committee, provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions. The Audit Committee shall accordingly recommend the Related Party Transactions and subsequent Material Modifications thereto, for the prior approval of Board of Directors / Shareholders in accordance with this policy.

All transactions with Related Parties shall be in the ordinary course of business and at arm’s length basis. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm’s length, then all such transactions, irrespective of value of such transaction, will require prior approval of the Audit Committee; the Board; and the shareholders of the Company by resolution u/s 188 of the Act read with Rules.

Further, any Material Transaction proposed to be entered into with a related party shall also be approved by the Board of Directors and Shareholders of the Company after they have been approved by the Audit Committee.

5. Procedure for dealing with Related Party Transactions:

a) Identification of related parties

• Each Director and Key Managerial Personnel is responsible for providing notice to the Board/ Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Director and Key Managerial Personnel shall send notice of any potential Related Party Transaction.

• The Financial & Accounts Department shall at all times maintain a database of the Company’s Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in the Key Definition Section above, along with their personal/ Company details, including any revisions therein which should be updated every quarter.

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.

b) Identification of related party transactions

The Company entering into a transaction shall identify related party transactions based on the list of Related Parties identified under (a) above, in accordance with Section 177 and 188 of the Act and Regulation 23 of the Listing Regulations. Thereafter the Company shall establish whether the transaction is at arm's length and in the ordinary course of business or whether the transaction is Material.

c) Procedure for approval of related party transactions

i. Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

Omnibus approval of the Audit Committee

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the following conditions:

- The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company;

- The omnibus approval shall provide -
- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction in aggregate that can be entered into during the year;
    (i) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%); and
    (ii) such other conditions as the Audit Committee may deem fit.

  However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given;
- Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
- The criteria for granting Omnibus Approval shall include the following:

a	Maximum Value of transactions, in aggregate, which can be allowed under omnibus route in a year	Upto to Rs. 1000 Lakh
b	Maximum Value per transaction which can be allowed	Rs. 100 Lakh
c	Extent and manner of disclosures to be made to Audit Committee at the time of omnibus approval	In aggregate Rs. 1000 Lakh Per transaction Rs. 100 Lakh Disclosure of availment of above transaction shall be made to the Audit Committee subsequently as and when such transactions are entered
d	Pursuant to each Omnibus Approval made, the review of Related party transaction entered into by the Company	Shall be reviewed quarterly in Audit Committee Meeting
e	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	As per the following details:

Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business;
2. Transactions which are not repetitive in nature;
3. Transactions exceeding materiality thresholds as laid down in Clause 4 of the Policy;
4. Transactions in respect of selling or disposing of the undertaking of the Company;
5. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
6. Any other transaction the Audit Committee may deem not fit for omnibus approval

<u>Rectification of Related Party Transactions</u>

The members of the Audit Committee, provided that only those members who are independent directors, may rectify 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 compliance with the following conditions:

1. 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;
2. the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
3. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
4. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
5. any other condition as specified by the audit committee:

ii. Approval of the Board of Directors of the Company

Based on the nature of transaction, approval of the Board of Directors may be obtained as required under the applicable laws, rules and regulations.

iii. Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 4 of the Policy and subsequent Material Modifications thereto, shall be placed before the shareholders for prior approval.

For this purpose, no entity falling under the definition of related parties shall vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for its approval.

6. Review of Related Party Transactions:

The Management shall lay down an appropriate framework including the pricing mechanism to ensure arm's length pricing for dealing with the Related Party(s). The Management shall institute appropriate administrative mechanism to ensure that all Related Party Transactions are in compliance and reviewed in accordance with these policies and procedures including maintenance of proper records in this regard.

All the transactions with Related Parties shall be referred to the Audit Committee for review at its scheduled quarterly meetings or as may be called upon by the Audit Committee from time to time along with all relevant information of such transaction(s).

The Audit Committee may refer any of the Related Party Transactions brought before it or it being mandatory under any law, for approval of the Board. The Board may on its own accord also decide to review any Related Party Transaction. The above mentioned procedure as set out in clauses 5(c) of this Policy shall be followed by Board for considering and granting approval to Related Party Transactions.

The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.

7. DISCLOSURES

7.1. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

7.2. As prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website viz. www.hondaindiapower.com.

8. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been consummated without its approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review/approval of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

9. Miscellaneous

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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