



RELATED PARTY TRANSACTION POLICY

PREAMBLE

The Board of Directors (the “Board”) of Humming Bird Education Limited (the “Company” or “HBEL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

PURPOSE

HBEL recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with HBELs’ and its stakeholders’ best interests.

HBEL must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

This policy is framed as per requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and also to comply with the provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its other stakeholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

No Related-Party Transaction may be entered into by the Company, or any of its subsidiaries or associates, except in accordance with the provisions of this Policy.

DEFINITIONS

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of regulation 18 of SEBI (LODR), 2015 and Companies Act, 2013.

“**Arms length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arms length transaction, guidance may be taken from the provisions of the Income Tax Act, 1961.

“**Associate Company (Section - 2(6) of the Companies Act, 2013)**”, in relation to another company, means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company. Where



significant influence means control of at-least twenty percent of total share capital or business decision under an agreement.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Concerned or Interested Director**”, pursuant to provisions of section 184 of Companies Act, 2013 or any rules made thereunder, means a Director, who is in anyway, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into:

- (a) With a body corporate in which such director or such director in association with any other directors, holds more than two percent shareholding of that body corporate, or is a promoter, manager, chief executive officer of that body corporate; or
- (b) With a firm or other entity in which, such director is a partner, owner or member as the case may be.

“**Holding Company (Section - 2(46) of the Companies Act, 2013)**” in relation to one or other Companies, means a Company of which such Companies are Subsidiary Companies.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and the Rules made thereunder and includes:

- (i) Managing Director, or Chief Executive Officer or manager,
- (ii) The whole Time Director;
- (iii) Company Secretary; and
- (iv) Chief Financial Officer

“**Ordinary course of Business**”, means activities that are normal, regular, frequent and incidental to the business of the Company.

“**Related Party Transaction**” means transactions as defined under section 188 of the Companies Act, 2013.

“**Policy**” means Related Party Transaction Policy dealing with RPTs and its materiality including clear threshold limits duly approved by the Board of Directors and such policy shall be reviewed by the Board of Directors at-least once every three years and updated accordingly.

“**Related Party**” means related party as defined in Section 2(76) of the Companies Act, 2013, as amended from time to time or under the applicable accounting standards.



“Related party transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following:

- i. sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying, property of any kind;
- iii. Leasing property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. Appointment to any office or place of profit in the company,
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company.

“Material Related Party transaction” means a transaction with a related party if the transaction/ transaction to be entered into individually or taken together with various 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 listed entity.

“Relative” means relative as defined under section 2(77) of the Companies Act, 2013 and the rules prescribed thereunder.

“Subsidiary Company” shall have meaning assigned to it under Section 2(87) of the Companies Act, 2013

APPROVAL PROCESS

Approval of the Audit Committee:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee of the Company.

(a) The Audit Committee may, subject to applicable regulatory provisions of Companies Act, 2013, Regulation 23 of SEBI (LODR) Regulations, 2015 and provisions of this policy, grant omnibus approval to related party transactions subject to satisfaction of following conditions: Such related party transactions are repetitive in nature.

(b) Specific needs of such omnibus approval.

(c) The approval shall specify the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, 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.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Approval of the Board of Directors

The following related party transactions shall be subject to prior approval of the Board of Directors:

- (i) if the audit committee is of opinion that a particular related party transaction should be brought before the Board, or if the Board in any case decides to review any such transaction;
- (ii) where it is mandatory under any law for Board to approve the Related Party transactions,
- (iii) Related party transactions, in which the directors or the KMP are concerned or interested,
- (iv) Related Party transactions which are not:
 - a) in the ordinary course of business, or
 - b) conducted at an arm length's basis.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each director and Key Managerial Personnel is responsible for providing notice to the Board or 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. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

PROHIBITIONS RELATED TO RELATED PARTY TRANSACTIONS

The Company shall endeavor to ensure that no Related Party Transactions is entered without prior approval of Board whether at a meeting or by resolutions by circulation.

The transactions or arrangements which are specifically dealt under the separate provisions of the law and executed under separate approvals/ procedures shall not be covered under this policy. Examples of such transactions are as follows:

- (a) Appointment and payment of remuneration, including any variation to key managerial personnel;
- (b) Payment of remuneration, fees, commission, etc., to any director in compliance with legal provisions;
- (c) Issue of shares/ securities to related party;
- (d) Any benefits, interests, etc., arising to related party solely from the ownership of Company's shares at par with other holders e.g. Dividends, Right issues, stock split, bonus shares, etc.
- (e) Shares based incentive plans for the benefits of Directors or KMPS approved by the shareholders including ESOPs.
- (f) CSR contribution.

APPROVAL OF SHAREHOLDERS

The following related party transactions shall be subject to prior approval of shareholders of the Company by way of resolution:

- i. all Material Related Party Transactions shall require approval of the shareholders and the Related Parties shall not vote to approve the relevant transaction.
- ii. Related party transactions exceeding the threshold limits as may be prescribed by the Ministry of Corporate Affairs from time to time, and which are not:
 - a) In the ordinary course of business; or
 - b) Conducted at an arm's length, and
- iii. the Related Parties shall not vote to approve such resolution.

Any Related Party Transaction entered in to without proper approval shall be placed for approval of Board or shareholders, as the case may be, within three months of contract or arrangement.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and shall not vote to approve the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event any director, KMP or any other officer or employee of the Company become aware of any transaction with related party in deviation of this policy, such person shall promptly notify the Company Secretary & Compliance Officer of the company of such transaction, who shall ensure that such transaction are brought to the notice of the Audit Committee or the Board of Directors as applicable, at the earliest possible time but not later than the first audit Committee or the board of Directors meeting held after the date of such intimation.

The committee or the Board as applicable, shall evaluate such transaction and may decide such action as it may consider appropriate include ratification, revision or termination of the Related party transaction.



In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without 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 of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

MAINTENANCE OF RECORDS AND REGISTER

The records and register pertaining to related party will be kept with the Company Secretary.

DISCLOSURE

Details of all material transactions with Related Parties shall be disclosed to the stock exchanges quarterly along with the compliance report on corporate governance.

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

AMENDMENTS

Audit Committee will recommend and Board of Directors will amend from time to time the policy.

Any amendment/ modification in the listing agreement, Companies Act, 2013, SEBI guidelines and/or other applicable laws in this regard shall automatically apply to this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company. The Company shall disclose this policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.
