

MOUNT HOUSING AND INFRASTRUCTURE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Objective of the Policy

The Board of Directors of the Company (“the Board”), on the recommendation of the Audit Committee, has adopted this Policy and associated procedures for regulating related party transactions, in line with the requirements of the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This policy specifically deals with the review and approval mechanism of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transactions.

2. Definitions

“**Arm’s 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;

“**Audit Committee**” or “**Committee**” means the Audit Committee of the Board of Directors of the Company;

“**Board**” means the Board of Directors of the Company, as constituted from time to time;

“**Key Managerial Personnel (KMP)**” means the key managerial personnel of the Company as defined under Section 2(51) of the Companies Act, 2013;

“**Related Party**” means a related party as defined under Section 2(76) of the Companies Act, 2013, Regulation 2(zb) of the Listing Regulations or under the applicable accounting standards;

“**Related Party Transaction**” means any transaction directly or indirectly involving any Related Party that involves transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and include:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- underwriting the subscription of any securities or derivatives thereof, of the company.

A “**transaction**” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

“**Material Related Party Transaction**” as per Listing Regulations means a transaction with a related party 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;

Policy on Related Party Transactions

However, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Related Party Transaction” as per the Companies Act, 2013 means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year,

- (a) as contracts or arrangements with respect to clauses (a) to (e) of Section 188(1), with criteria as mentioned below:
 - (i) sale, purchase or supply of any goods or material, directly or through appointment of agent amounting to ten percent or more of the turnover of the company;
 - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent amounting to ten percent or more of the net worth of the company;
 - (iii) leasing of property of any kind amounting to ten percent or more of the turnover of the company;
 - (iv) availing or rendering of any services, directly or through appointment of agent amounting to ten percent or more of the turnover of the company;
- (b) is for the appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees;
- (c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth of the company.

The Turnover or Net Worth referred to in the above definition shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

“Relative” means a relative as defined under Section 2(77) of the Companies Act, 2013;

Words and expressions used in this Policy but not defined herein shall have the meaning ascribed to them in the Companies Act, 2013, the Rules framed there under, the Listing Regulations and the applicable Accounting Standards.

3. Identification of Related Party Transactions

All Directors and KMPs are required to give general notice of disclosure of interest at the beginning of every financial year and are required to intimate any change in such interest during the year, immediately on occurrence.

All Directors, KMPs and Members of the Management Committee shall inform in advance to the Company of any potential Related Party Transaction involving them or their Relatives. They shall provide any additional information about the transaction that the Audit Committee or the Board may reasonably request.

4. Approval of Related Party Transactions

All Related Party Transactions shall require the prior approval of the Audit Committee.

Policy on Related Party Transactions

Non-material Related Party Transactions which are not taking place in the ordinary course of business and are not arm's length transactions shall require the prior approval of the Audit Committee and the approval of the Board of Directors.

All material Related Party Transactions shall require the prior approval of the Audit Committee, the approval of the Board of Directors and the approval of the Shareholders through a resolution.

All entities / persons falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement and shall not vote on the resolution relating to the such contract/ arrangement.

5. Consideration of Related Party Transactions for Approval

By the Audit Committee / Board of Directors:

To review and approve a Related Party Transaction, the Audit Committee / Board shall be provided with:

- the name of the related party, the interested director/ KMP and the nature of relationship;
- the nature, duration of the contract and particulars of the contract or arrangement;
- the material terms of the contract or arrangement including the value, if any;
- any advance paid or received for the contract or arrangement, if any;
- the manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
- whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- any other information relevant or important to take a decision on the proposed transaction.

By the Shareholders:

In compliance with Section 188 of the Companies Act, 2013, while seeking the approval of the shareholders for Related Party Transactions, the explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars:

- name of the Related Party;
- name of the director or Key Managerial Personnel who is related, if any;
- nature of relationship;
- nature, material terms, monetary value and particulars of the contract or arrangements;
- any other information relevant or important for the members to take a decision on the proposed resolution.

6. Omnibus Approval

The Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy.
- b. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- c. Such omnibus approval shall specify –
 - i. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions that can be entered into;
 - ii. the indicative base price/ current contracted price and the formula for variation in the price if any
 - iii. such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- d. 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 each of the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

7. Threshold Limits

The threshold limits for Related Party Transactions for each financial year is as follows:

1. Maximum value of transaction, in aggregate, for a related party, which can be allowed under the omnibus route in a financial year shall not exceed 10% of the annual turnover of the preceding financial year.
2. Maximum value per transaction which can be allowed under omnibus route subject to the overall limit specified above is Rupees One Crore only.

Wherein the maximum value per transaction exceeds the limit mentioned in point 2 but is within the limit as mentioned in point 1, then it shall be transacted only with the approval of the Audit Committee and the Board of Directors.

Wherein the maximum value per transaction exceeds the limits mentioned in point 2 and point 1, then it shall be transacted only with the approval of the Audit Committee, Board of Directors and Shareholders.

8. Dealing with unapproved related party transactions

In case any related party transaction has taken place without the approval of the Audit Committee or the Board or the Shareholders, as the case may be, as laid down in this policy, the Audit Committee shall before its consummation review the same.



Policy on Related Party Transactions

The Audit Committee shall consider all the relevant facts and circumstances related to the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee.

Where the Audit Committee decides not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as it may deem appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

Where any contract or arrangement is entered into by a director or KMP, without obtaining the approval of the Audit Committee or Board or Shareholders as required above and if it is not ratified by the Board or by the Shareholders within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be dealt with as per Section 188 of the Companies Act, 2013.

9. Disclosure(s)

This Policy shall be communicated to all Directors, Key Managerial Personnel, Members of the Management Committee and other concerned persons of the Company.

The Company shall disclose this Policy on its website and provide the web link in the Annual Report.

Every contract or arrangement entered into with a related party, under Section 188(1) of the Companies Act, 2013 shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.

Details of all material related party transactions shall be disclosed to the Stock Exchanges on a quarterly basis along with the compliance report on corporate governance.

The Company 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.

The Company shall disclose the name of the related party, the nature of relationship, the transaction details and such other details as required under the relevant Accounting Standard, in the Annual Report.

10. Amendments to the Policy

This policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the competent authorities, not being consistent with the provisions laid down in this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly, without any further action, on and from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
