

**Mohite Industries Limited**  
**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON  
DEALING WITH RELATED PARTY TRANSACTIONS**

## **Introduction -**

As per requirement of Section 177(4)(iv) and Section 188 of the Companies Act 2013 and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has adopted the following 'Policy on Materiality Of Related Party Transactions And on Dealing With Related Party Transactions'.

The objective of the Policy is to ensure proper approval, disclosures and reporting of Related Party Transactions between the Company and any of its the Related Party.

## **Definition's –**

1. '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.
2. 'Associate company' 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.  
Explanation : For the purposes of this definition, 'significant influence' means control of at least 20% of the total share capital, or of business decisions under an agreement.
3. 'Body Corporate' or 'Corporation' includes a company incorporated outside India, but does not include;
  - A co-operative society registered under any law relating to co-operative societies; and
  - Any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.
4. 'Control' shall include the right to appoint majority of the directors or to control the Management or policy decisions, exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or Management rights or shareholders agreements or voting agreements or in any other manner.
5. 'Holding Company', in relation to one or more other companies, means a company of which such companies are subsidiary companies.
6. 'Interested Director' means a director who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of individuals, in which he or any of his relatives is a partner, director or a member, interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of a company other officer as may be prescribed.
7. 'Net Worth' means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.

8. 'Office or place of profit' means any office or place –
- a. Where such office or place is held by a director, if the director holding it receives from the company anything by the way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, any rent free accommodation or otherwise;
  - b. Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by the way of remuneration, salary, fee, commission, perquisites, any rent free accommodation or otherwise.
9. "Related party", with reference to a company, means—
- i. a director or his relative;
  - ii. A key managerial personnel or his relative;
  - iii. A firm, in which a director, manager or his relative is a partner;
  - iv. A private company in which a director or manager or his relative is a member or director;
  - v. A public company in which a director or manager is a director AND holds along with his relatives, more than 2% of its paid-up share capital;
  - vi. Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
  - vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act;
  - viii. Any company which is—
    - Holding, subsidiary or an associate company of such company; or
    - Subsidiary of a holding company to which it is also a subsidiary;
  - ix. a director (other than an independent director) or key managerial personnel of the holding company or his relative.
- Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
10. "Relative", with reference to any person, means anyone who is related to another, if—
- They are members of a Hindu Undivided Family;
  - They are husband and wife; or
  - One person is related to the other in such manner as may be prescribed
- Rule 4 of the Definition Rules have prescribed the following persons who shall be deemed to be the relative of another, if he or she is related to another in the following manner;
- Father: term "Father" includes step-father;
  - Mother: term "Mother" includes the step-mother;
  - Son: term "Son" includes the step-son;
  - Son's wife;
  - Daughter;
  - Daughter's husband;
  - Brother: term "Brother" includes the step-brother;
  - Sister: term "Sister" includes the step-sister
11. "related party transaction" means a transfer of resources, services or obligations between a listed entity 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:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

12. 'Subsidiary Company' or 'Subsidiary', in relation to any other company (that is to say the holding company), means a company in which the holding company –

- i. Controls the composition of the Board of Directors; or
- ii. Exercise or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies;

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation: For the purposes of this clause –

- A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- The composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
  - The expression 'company' includes an body corporate;
  - 'layer' in relation to a holding company means its subsidiary or subsidiaries.

13. 'Turnover' means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during financial year.

### Identification of Material Related Party Transactions -

The Materiality related party transaction shall be any contract or arrangement entered by the Company with related party as mentioned below:

Nature of Transactions	Materiality as per Companies Act, 2013	Materiality as per Listing Regulation
Sale, Purchase or Supply of any goods or materials	Exceeding 10% of Turnover of Company or Rupees 100 Crore Whichever is Lower	Exceeding 10% of the annual consolidated turnover
Selling or otherwise disposing of, or buying property of any kind	Exceeding 10% of Net worth or Rupees 100Crore Whichever is Lower	Exceeding 10% of the annual consolidated turnover
Leasing of property of any kind	Exceeding 10% of the Net worth of company or 10% of Turnover of Company or Rupees 100 Crore, Whichever is lover	Exceeding 10% of the annual consolidated turnover
Availing or rendering of any services	Exceeding 10 % of Turnover of company or Rupees 50 Crore, Whichever is lower.	Exceeding 10% of the annual consolidated turnover
Appointment of any agent for purchase or sale of goods, materials, services or property	-	Exceeding 10% of the annual consolidated turnover

Underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding 1% of net worth	Exceeding 10% of the annual consolidated turnover
Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged	-	Exceeding 10% of the annual consolidated turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly Remuneration Exceeding Rs. 2.5 lakhs	-

## **Process, Procedure And Review For Dealing With Related Party Transactions**

1. Prior approval of Audit Committee is required to be taken for entering into transactions with a Related Party. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions as prescribed in Listing Regulation (as amended from time to time).
2. Prior approval of the Board of Directors and shareholders is required to be taken before entering into related party transactions which are not in the ordinary course of business and not on an arm's length basis and are beyond the such limits as specified under Companies Act, 2013 and rules thereto.
3. 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.
4. Prior approval of Shareholders is required to be taken before entering into Material related party transactions irrespective whether the transaction is in ordinary course of business or not and related parties shall abstain from voting on such resolution as per Listing Agreement

### **Disclosure –**

The particulars of contracts or arrangement with related parties referred in section 188(1) of the Companies Act 2013 should be disclosed in the Directors Report in Form AOC-2  
All material related party transactions that are entered into to be disclosed quarterly along with the compliance report on corporate governance  
The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

### **Amendments –**

The policy is subject to review as may be necessary and in accordance with any statutory /regulatory requirements

**Adopted by the Board of Directors of Mohite industries Limited**