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**HOUSING DEVELOPMENT AND INFRASTRUCTURE  
LIMITED**

**POLICY ON MATERIALITY OF AND DEALING WITH  
RELATED PARTY TRANSACTIONS**

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Housing Development and Infrastructure Limited ("the Company") has always been committed to good Corporate Governance and Best Corporate Governance practices on all matters including on Related Party Transactions.

**OBJECTIVE:**

Clause 49 of the Listing Agreement including the recent amended by SEBI on 15.09.2014, requires a listed company to formulate a Policy on materiality of Related Party Transactions and also on dealing with such Related Party Transactions, with effect from **01.10.2014**. This policy is brought out in compliance to the said Listing Agreement.

**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. [Explanation under Sec.188 (1)]

**"Audit Committee"** means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the listing agreement and the Companies Act, 2013.

**"Board"** means the Board of Directors of Housing Development and Infrastructure Limited.

**"Company"** means Housing Development and Infrastructure Limited.

**"Material Related Party Transaction"** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds **10% (Ten) of the Annual Consolidated Turnover** of the Company, as per the last audited financial statements of the Company. [Clause 49(VII) of Listing Agreement] **"Policy"** means this Policy i.e. **Policy on Materiality of Related Party Transactions**, as amended from time to time.

**"Related Party"** in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and clause 49 of the listing agreement as amended from time to time.

**Sec. 2(76) "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 is a member or director;
- v. A public company in which a director or manager is a director or holds along with his relatives, more than two percent of its paid-up share capital;
- vi. Anybody 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:  
*Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, Directions or instructions given in a professional capacity;*

- viii. Any company which is—
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
- ix. Such other person as may be prescribed;

“**Related Party Transaction**” in relation to the Company means a transaction with a Related Party under the relevant provisions of the Companies Act, 2013 (or) the listing agreement or any other related law, regulation, standard etc.

#### **APPROVAL PROCESS FOR RELATED PARTY TRANSACTIONS:**

##### **I. APPROVAL BY AUDIT COMMITTEE:**

All the **Related Party Transactions (RPTs)** entered into by the Company, shall be subject to **PRIOR approval of the Audit Committee** of the Board of Directors of the Company. The approval of the Audit Committee can also be granted by way of a Circular Resolution passed by the **Audit Committee**.

##### **II. APPROVAL BY THE BOARD OF DIRECTORS:**

The **Board of Directors** of the Company shall approve such Related Party Transactions as are required to be approved under:

- a) The Companies Act, 2013 and/or
- b) The Listing Agreement and/or
- c) For transactions referred to it by the Audit Committee.

**Note:** Where a director is interested in any Related Party Transaction, such director shall abstain from discussion **and** Voting on the subject matter of the resolution relating to such Related Party Transaction.

##### **III. APPROVAL BY THE SHAREHOLDERS:**

All '**Material Related Party Transactions**' shall require **PRIOR Approval of the Shareholders** of the Company through **SPECIAL RESOLUTION** under:

- a) The Companies Act, 2013 and/or
- b) The Listing Agreement and/or

**Note:** Related Parties shall not Vote on such Resolution(s).

#### **IMPORTANT NOTES FORMING PART OF THE POLICY:**

1. Consent of the Board of Directors and the Shareholders **WOULD NOT BE STATUTORILY REQUIRED** for transactions are entered into by the company in its **Ordinary Course of Business and are on an Arms' Length Basis(3rd Proviso to Sec. 188)**;
2. **Transactions between Wholly-owned Subsidiary (WOS) and Holding Company** Where Related Party Transactions (RPT) require approval of the Shareholders, Special Resolution passed by the Holding Company would be sufficient for the purpose of entering into. **[Rule 15(2) Companies (Meetings of Board and its Powers) Rules, 2014]**.

3. Where Board Approval / Shareholders' approval is required, the agenda of the Board meeting at which the resolution is proposed to be moved and / or the explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.
4. Every Related Party Transactions (RPT) entered into under sub-section (1) shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

**This Policy on Related Party Transactions shall be governed by the Companies Act,2013 and Clause 49 of the Listing Agreement (read with Rules / Regulations made thereunder, as may be in force for the time being in force.**

**The Company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report.**