

## **ECO HOTELS AND RESORTS LIMITED**

<b>Name of the policy</b>	Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
<b>Applicable Statutes</b>	Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations.
<b>Approved By and Date of Approval</b>	The Board – August 29, 2023
<b>Owner of the policy</b>	Company Secretary and Compliance Officer
<b>Version</b>	Version 0
<b>Review Frequency</b>	Once in two years or change in law whichever earlier

## 1. PURPOSE

This Policy is framed as per requirement of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (LODR Regulations) and with intention to set process for approval, reporting, materiality and dealing with Transactions between the Eco Hotels and Resorts Limited (ERHL) and its Related Parties.

## 2. SCOPE & INCLUSION

This policy defines materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions

## 3. DEFINITIONS

**“Arm’s length transaction”** means a transaction as defined under the Companies Act, 2013 i.e. a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**“Committee” or “AC” or “Audit Committee”** means "Audit Committee" of the Board of the Eco Hotels and Resorts Limited, as may be reconstituted by the Board and as may be subsist from time to time and constituted in accordance with provisions of the SEBI LODR and the Companies Act, 2013.

**“Related Party Transaction”** means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

**Related Party Transaction(s) of the Company** - Related Party Transaction(s) where the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party.

**Related Party Transaction(s) of the Subsidiary** - Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party but the Company is not a party.

**“Material Related Party Transaction”** Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction 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 statement of the Company.

**Material Modifications:**

Material modifications in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 10% or rupees ten crores, whichever is higher.

**Subsidiary**

“Subsidiary” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 ('Act').

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

**4. Policy and its requirements**

- All Related Party Transaction(s) shall be entered on arms' length basis.
- In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors and Shareholders, as the case may be.
- In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee

and / or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.

- All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.
- All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

## **5. APPROVAL**

- I. All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.
- II. All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.
- III. Omnibus approval by Audit Committee: Audit Committee may grant omnibus approval in respect of Related Party Transactions on following broad criteria.
  - a) Transactions should be repetitive in nature.
  - b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
  - c) Such Omnibus Approval shall specify the required information which are mandatory under the Act/ Listing regulations

- d) In case where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant Omnibus Approval and value shall not exceed as prescribed under the Act or Listing Regulations, if any.
- e) Audit Committee shall review 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 approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f) If the Committee thinks fit, it may prescribe the types of other transactions with Related Parties, even if not strictly covered under this Policy, to be placed before Audit Committee periodically for its review.
- g) If any Related Party Transaction is entered into oversight without being approved under this Policy, the Audit Committee shall review and evaluate such Transaction and may decide such actions as it may consider appropriate including ratification, revision or termination.

#### **6. INTERESTED RELATED PARTY SHALL NOT VOTE IN FAVOUR**

Related Party, who has an interest in the Transaction being discussed and approved, will recuse himself and abstain from voting on the approval of the Related Party Transaction. However, if asked by the Committee or the Board, such director may provide explanation and clarification about his interest and the Transaction. Applicable provisions of the Act shall be followed in this respect.

#### **7. EXCEPTION**

Provisions of this Policy relating to review and approval shall not be applicable in following cases:

- a) Transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated and placed before the shareholders at the general meeting for approval
- b) Payment of remuneration to Directors and KMP in connection with their duties to the Company.
- c) When Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same or pro rata benefits.

**8. CONFIDENTIALITY**

Directors, Key Managerial Personnel (KMP), senior management personnel, employees, associates and other persons shall always keep confidential the terms of this Policy, authorization, records, reports, discussion, communications, matters, details etc relating to Related Parties, Related Party Transactions and matter relating thereto, and shall not share or convey the same, directly or indirectly, with any employee, department or person, except to the extent necessary in performance of the office duties or except with approval of KMP or Director.

**9. AMENDMENT**

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

**10. CLARIFICATION AND REVIEW OF THE POLICY**

This Policy will be reviewed as and when required but atleast once in two years.