



HOTEL RUGBY LIMITED

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

1. PURPOSE

This policy aims to determine the materiality of Related Party Transactions and to deal with Related Party Transactions.

This policy is framed in accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges and Section 188 of the Companies Act, 2013 read with Rules made there under.

This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy of the Company is effective from December 1, 2015.

2. OBJECTIVE

The SEBI (LODR) Regulations, 2015 mandates formulation of a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This Policy has been framed for complying with this requirement.

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company.

3. DEFINITIONS

- a) "Act" means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- b) "Arm's Length Basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm's Length basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.

- c) "Audit Committee" means the Audit Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.
- d) "Board" or "Board of Directors" means Board of Directors of Hotel Rugby Limited.
- e) "Company" means Hotel Rugby Limited
- f) "Key Managerial Personnel" means the Key Managerial Personnel of the Company in terms of the Act.
- g) "Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Company and amendments thereto from time to time.
- h) "Material Related Party Transaction" is a transaction with a related party which shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company.
- i) "Policy" means the current Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions, including amendments, if any from time to time.
- j) "Related Party" means a related party as defined under the Act or under applicable accounting standards and as amended from time to time.
- k) "Relative" or "Relatives" means a relative as defined under the Act
- l) "Transaction" with a related party shall be construed to include single transaction or group of transactions in a contract.

4. APPROVAL OF RELATED PARTY TRANSACTIONS

I. Prior Approval of Audit Committee

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

II. Omnibus Approval

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions, namely:

- a. the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in 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 transaction that shall be entered into,

- (ii) the indicative base price / current contracted price and formula for variation in the price if any; and
 - (iii) such other conditions as the Audit Committee may deem fit;
- d. the audit committee shall review, at least on a quarterly basis, the details of 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:

III. Shareholders' Approval

All material related party transactions shall require approval of the shareholders through resolutions and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Shareholder's approval shall be sought in the following cases:

- All the Material Related Party Transactions shall require approval of the shareholders and all entities falling under the definition of related parties shall abstain from voting on such resolution irrespective of whether the entity is a party to the particular transaction or not.

5. DISCLOSURE

This Policy shall be disclosed on the Company's website www.hotelrugby.in and web link thereto shall be provided in the Annual report of the Company.

6. REVIEW / AMENDMENT

The Board may amend, abrogate, modify or revise any or all clauses of this Policy. Based on recommendation of the Audit Committee.

This Policy was approved by the Board based on the recommendation of the Audit Committee.

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