

# 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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 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 / decrease in the per annum value of the relevant related party transaction / contract / arrangement by 10%.
- i) "Material Related Party Transaction" is a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 1000 crores or 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company, whichever is lower.  
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 listed entity as per the last audited financial statements of the listed entity.
- j) "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.
- k) "Related Party" means a related party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- l) "Relative" or "Relatives" means a relative as defined under Section 2(76) of the Companies Act, 2013
- m) "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 and subsequent Material Modifications shall require prior approval of Audit Committee. Related Party Transactions shall be approved only by those members who are Independent Directors.

## **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**

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

- All the Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution 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.

## **IV. Transaction with Subsidiary Company**

The Company is not having any subsidiary Company and therefore accordingly approval for Related Party Transactions with Subsidiary Company is not applicable.

## **5. DISCLOSURE**

This Policy shall be disclosed on the Company's website [www.hotelrugby.in](http://www.hotelrugby.in) and web link thereto shall be provided in the Annual report of the Company.

