



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

(in terms of Regulation 23 of SEBI Listing Regulations)

ARUNA HOTELS LIMITED
CIN: L15421TN1960PLC004255

**Registered office: 145, Sterling Road, Nungambakkam,
Chennai 600034**

Preface:

The Board of Directors (the 'Board') of Aruna Hotels Limited ('AHL' or 'Company') based on recommendations of the Audit Committee, has adopted the policy on materiality of Related Party Transactions and dealing with Related Party Transactions (the 'Policy') in terms of the requirement of the Companies Act, 2013 ("Act") read with the Rules framed there under Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, as amended from time to time including SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021.

Regulation 23 of SEBI (LODR) Regulations, requires the Company to formulate a policy on materiality of related party transactions and also on dealing with Related party transactions including clear threshold limits duly approved by the Board.

Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

Definitions:

"Accounting Standards" means accounting standards notified under Section 133 of the Act

"Act" means the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force

"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.

"Associate Company" means a company in which a Company has a *significant influence*, but which is not a subsidiary company of the Company and includes a joint venture company

Significant Influence means control of atleast twenty percent (20%) of total share capital or of business decisions under an agreement.

"Audit Committee" means "Audit Committee" constituted by the Board of Directors of the Company from time to time in accordance with Section 177 of Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

"Board of Directors" means the Board of Directors of 'Aruna Hotels Limited'

"Company" means Aruna Hotels Limited

"Chief Executive Officer" means a person appointed as the Chief Executive Officer of the Company

"Chief Financial Officer" means a person appointed as the Chief Financial Officer of the Company

"Company Secretary" means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of a Company Secretary under the Act.

“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.

“Key Managerial Personnel” or KMP means key managerial personnel as defined under the Companies Act, 2013 and includes:

- a. Managing Director (MD) or Chief Executive Officer (CEO) or Manager and in their absence, a Whole-time Director (WTD)
- b. Company Secretary
- c. Chief Financial Officer
- d. Such other officer, not more than one level below the Directors who is in whole-time employment designated as Key Managerial Personnel by the Board; and
- e. Such other officer as may be prescribed

“Material Related Party Transaction” means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One thousand Crore (Rs.1,000 Crore) or 10% (ten percent) of the annual consolidated turnover of the Company as per the 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 5% (five percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

“Material Modification(s)” means & includes any modification to an existing RPT having a variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders or such modification as may be decided by the Audit Committee

“Ordinary Course of Business” means the usual transactions, customs and practices of a business and of a company and all such activities which the Company can undertake as per Memorandum and Articles of Association.


“Policy” means policy on materiality of RPTs and also on dealing with RPTs, as amended from time to time.

“Related Party” means a related party as defined under the Act or Rules made thereunder and the SEBI (LODR) Regulations, as amended from time to time.

“Related party transactions”

Related party transaction means such transactions as specified under Section 188 of the Act or Rules made thereunder and the SEBI LODR Regulations including any amendments or modifications thereof, as may be applicable.

Following shall not be considered RPTs of the Company in terms of SEBI LODR:

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- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - b. payment of dividend by the Company;
 - c. subdivision or consolidation of securities by the Company;
 - d. issuance of securities by way of a rights issue or a bonus issue and
 - e. buy-back of securities.

“Relative”

Relative means a relative as defined under the Act and the SEBI LODR Regulations.

Note: all capitalized terms used in this Policy, but not defined herein shall have the meaning assigned to such term in the Act and the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time.

Manner of dealing with Related Party Transactions:

Identification of Related Parties and Related Party Transaction

- i) The Managing Director, Chief Financial Officer and Company Secretary are responsible for compiling and maintaining list of Related parties as covered under Section 2(76) of Companies Act, or under SEBI LODR Regulations as well as applicable Accounting Standards.
- ii) The Company shall seek required disclosures or information from Directors and / or Key Managerial Personnel to identify a related party, in such form or manner as per the Act / applicable laws, as amended from time to time and draw up a list of ‘related parties’ as prescribed under Section 2(76) of the Act read with the Rules framed there under and SEBI Listing Regulations. Any change in the list during the financial year shall be made as and when the company receives information in this regard from the Directors and Key Managerial Personnel
- iii) The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will, in fact, constitute a Related Party Transaction requiring compliance with this policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

Approval / Ratification of Related Party Transaction

- i. All Related Party Transactions shall require approval / ratification of the Audit Committee as per the provisions of Section 177 of the Companies Act and the rules made there under and Regulation 23 of the SEBI LODR Regulation. Only those members of the audit committee, who are Independent Directors shall approve such related party transactions.
- ii. The Audit Committee may also provide omnibus approval for Related Party Transactions as per the provisions of Section 177 of the Companies Act and the rules made there under and SEBI LODR Regulations.
- iii. All Related Party Transactions which are either not in the ordinary course of business or on arm’s length, which are specified under Section 188(1) of the Companies Act, shall require approval / ratification of the Board as provided under Section 188 of the Companies Act.
- iv. The transactions listed out under Section 188(1) of the Companies Act will also require prior approval of the shareholders through a resolution if they exceed the threshold limits specified therein and if they are not in ordinary course of business or

not on arm's length basis and voting restrictions for this purpose would be governed by the Companies Act as amended from time to time.

- v. All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. The Related Party Transactions shall be reviewed / approved / ratified by the Audit Committee and placed before the Board for its approval on quarterly basis subject to the limits specified under Sections 177 and 188 of the Companies Act.
- vi. Where an omnibus approval is obtained, the Company Secretary shall obtain details of the Related Party Transactions undertaken by the Company on a quarterly basis, review the value of such transactions and present the same before the Audit Committee for any additional approvals, where the limits laid down under the omnibus approval are likely to be breached.

Omnibus approval of the Audit Committee:

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions:

- a. The Audit Committee shall lay down the criteria/Framework and Guidelines for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature (either in the past or in the future);
- 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. The omnibus approval shall specify:
 - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year;
 - (ii) the indicative base price / current contracted price and the formula for variation in the price, if any; and
 - (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction;

- d. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs 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 financial year and shall require fresh approvals after the expiry of such financial year.

BOARD OF DIRECTORS

- a. As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a Resolution passed at a Meeting of the Board. The Company may if it considers necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether an RPT is in the ordinary course of business and/ or at arms' length.
- b. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:
 - i. Transactions which may be in the ordinary course of business and at arm's length basis, but which, as per the Policy determined by the Board from time to time (i.e. value

- threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
 - iii. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
 - iv. Material RPTs and subsequent material modifications to such transactions, which are intended to be placed before the shareholders for approval.

c. Where any director is interested in any contract or arrangement with a related party, such director shall not participate during discussions and vote on the subject matter of the resolution related to such contract or arrangement.

SHAREHOLDERS

- All the Material RPTs any modification to the transaction with the related parties as per the provisions of the Act and subsequent material modifications to the transaction with Related parties as per the provisions of the SEBI LODR, are placed before the shareholders for approval.

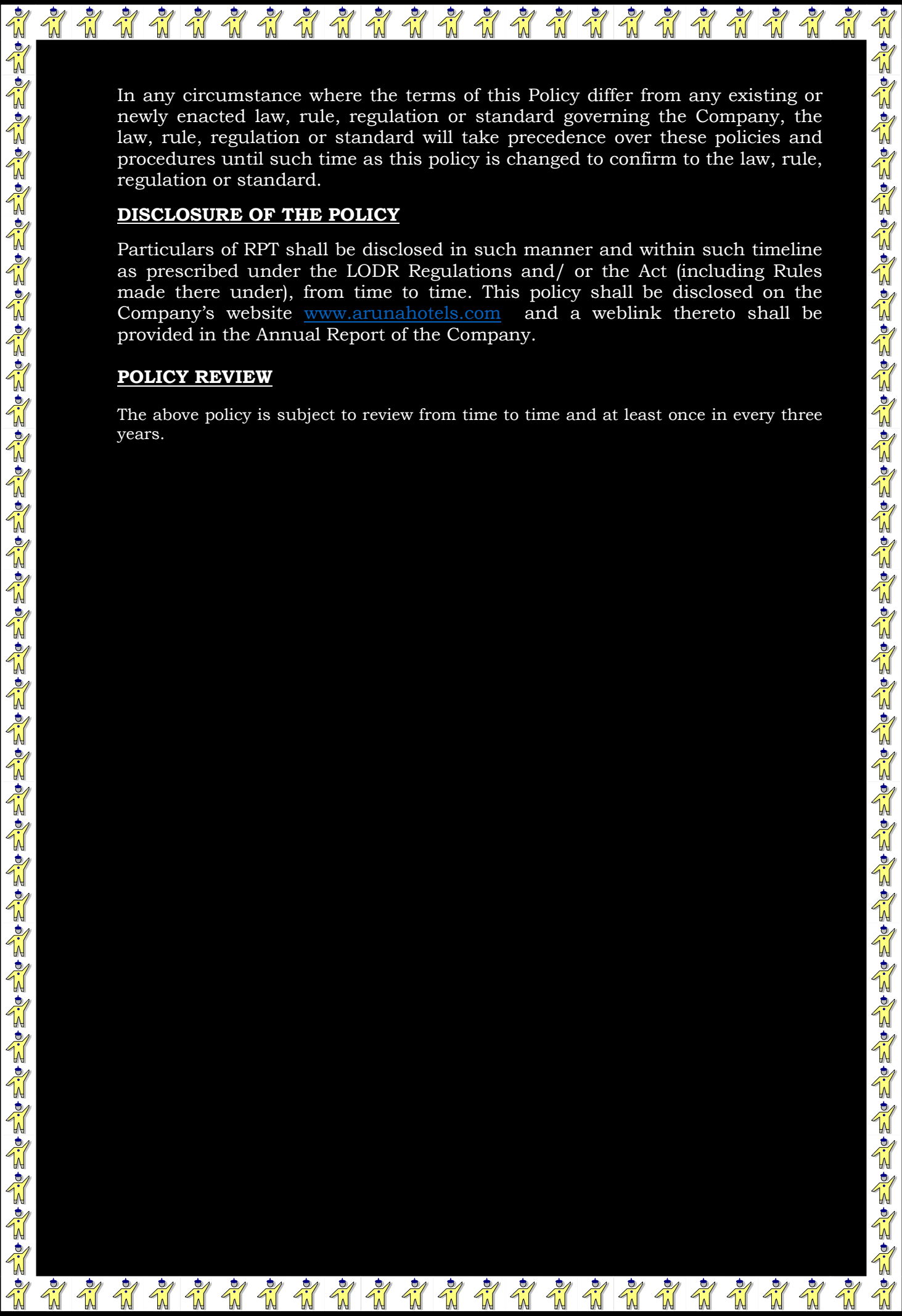
In addition to the above, all kinds of transactions specified under Section 188 of the Act which:

- (i) are not in the ordinary course of business or are not at arms' length basis; and
 - (ii) exceed the thresholds laid down in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval.
- The provisions of Regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
 - Further, the requirement for seeking shareholders' approval shall not be applicable for RPTs between the two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
 - No related party shall vote to approve such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

REPORTING OF RELATED PARTY TRANSACTIONS

- Every contract or arrangement, which is required to be approved by the Board or the Shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- The details of all transactions with related parties shall be submitted on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchange and the same shall be published on the Company's website.

INTERPRETATION



In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as this policy is changed to confirm to the law, rule, regulation or standard.

DISCLOSURE OF THE POLICY

Particulars of RPT shall be disclosed in such manner and within such timeline as prescribed under the LODR Regulations and/ or the Act (including Rules made there under), from time to time. This policy shall be disclosed on the Company's website www.arunahotels.com and a weblink thereto shall be provided in the Annual Report of the Company.

POLICY REVIEW

The above policy is subject to review from time to time and at least once in every three years.