

**POLICY ON MATERIALITY 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**

Amended & effective from June 17, 2021



Preface:

This policy is adopted by the Board with the objective of ensuring compliance with the provisions pertaining to Related Party Transactions (RPT) in the Companies Act, 2013 ('Act') read with the Rules framed thereunder and as per requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This policy is also intended to ensure proper approval and reporting of transactions between the Company and its Related parties. Such transactions are appropriate only if they are in the best interest of the Company and the Company's stakeholders.

This policy has been adopted by the Board of Directors of the Company based on the recommendation of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

Scope and Applicability:

SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. Hence this policy has been formulated by the Company. This policy applies to all the transactions of the Company with the Related parties including changes which may take place in the list of related parties from time to time as specified in Section 188 of the Companies Act, 2013 and the Company's (Meeting of Board and its Powers) Rules, 2014 and Regulations 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

"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

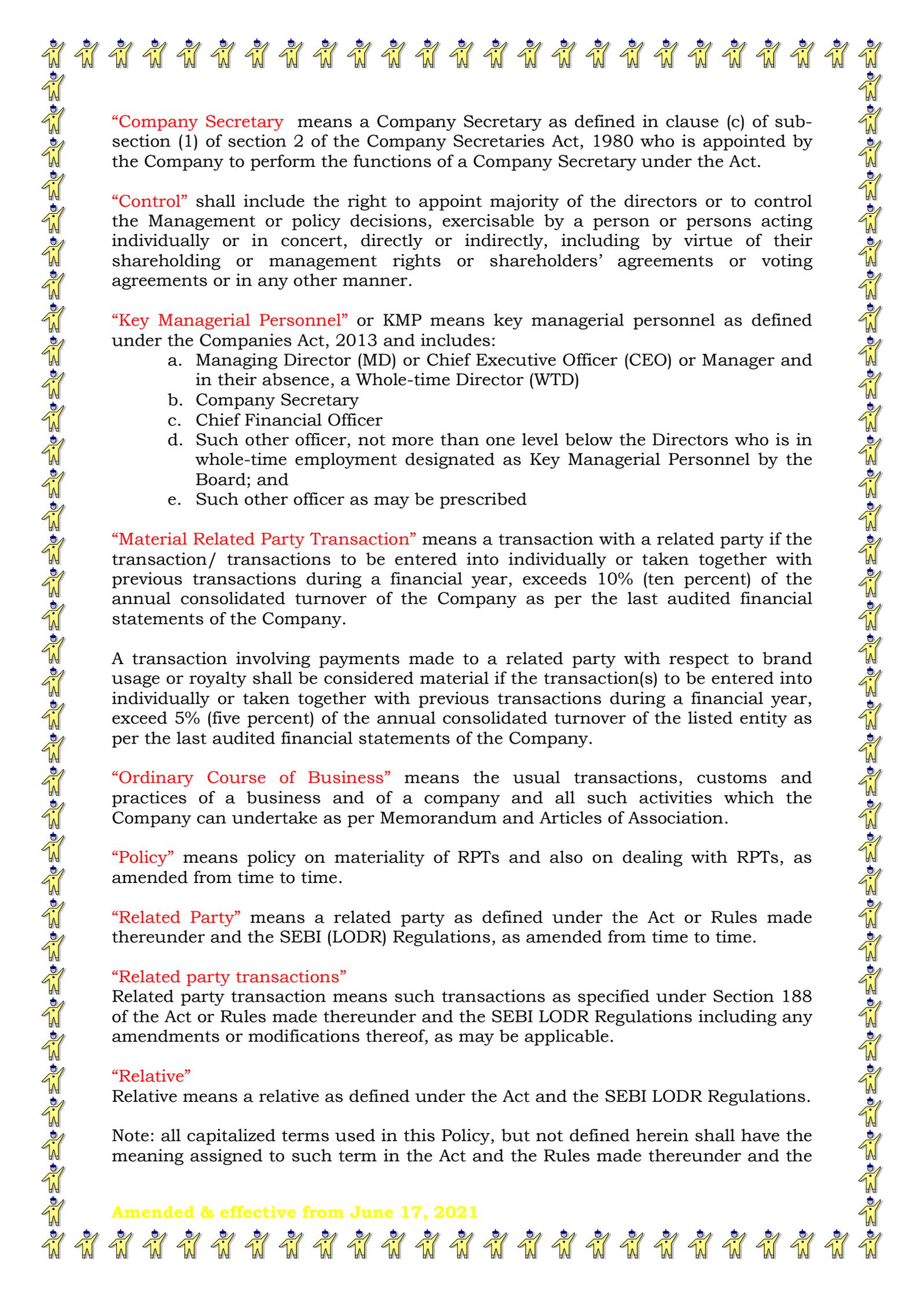
"Board of Directors" means the Board of Directors of 'Aruna Hotels Limited'

"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

Amended & effective from June 17, 2021



“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 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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.

“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.

“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

Amended & effective from June 17, 2021



SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time.

Review and approval of Related Party Transaction

Approval of Related Party Transactions

AUDIT COMMITTEE

All the transactions which are identified as Related Party Transactions must be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

Any member of the Audit committee who has a potential interest in any Related Party Transaction, will excuse himself or herself and abstain from voting on the approval or ratification of the Related Party Transaction, but may participate in all or a portion of the Committee's discussions of the Related Party Transaction, if requested by the Chair of the Committee.

A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arms' length price, would require approval of the Board or of Shareholders as discussed subsequently.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

BOARD OF DIRECTORS

- In case any Related Party transactions are referred by the Company to the Board for its approval, due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arms' length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will rescue himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Amended & effective from June 17, 2021



SHAREHOLDERS

- If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arms' length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.
- 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.

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

This policy will be uploaded on the website of the Company.