

## POLICY ON RELATED PARTY TRANSACTIONS

*Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time*

### 1. SCOPE AND PURPOSE OF THE POLICY

---

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”) and as amended from time to time, Apeejay Surrendra Park Hotels Limited (Company) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit & Risk Management Committee. Going forward, the Audit & Risk Management Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

### 2. ABOUT THE COMPANY

---

Apeejay Surrendra Park Hotels Limited (ASPHL) is the 8<sup>th</sup> largest hotel chain amongst hotel chains with asset ownership in India. ASPHL operates under five brands - THE Park, THE Park Collection, Zone by The Park, Zone Connect by The Park and Stop by Zone.

With a long-standing expertise of over five decades in the hospitality business of owning and operating hotels, the group pioneered the concept of luxury boutique hotels in India under its brand, THE Park, extending it further through THE Park Collection, and in upper midscale categories with the brands Zone by The Park and Zone Connect by The Park, and the recently launched Stop by Zone.

### 3. OBJECTIVE OF THE POLICY

---

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

### 4. DEFINITIONS

---

“Act” means the Companies Act, 2013

“SEBI Listing Regulations” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

“Regulation 23” means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time

“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

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the

Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit & Risk Management Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

**“Company”** means Apeejay Surrendra Park Hotels Limited

**“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder

**“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended.

**“Related Party Transaction”** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended, transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the company

**“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.

**“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined in the Companies Act 2013 and as amended from time to time

*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.*

## **5. MATERIALITY THRESHOLDS**

---

Regulation 23 of the LODR Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and no Related Party shall vote to approve on such resolutions whether the entity is a Related Party to the particular transaction or not. The Company has fixed its materiality threshold at 10% (Ten percent) of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the LODR Regulations.

## **6. MANNER OF DEALING WITH RELATED PARTY TRANSACTION**

---

### **Identification of Related Parties**

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

### **Identification of Related Party Transactions**

The Company has formulated guidelines for identification of related party transactions in accordance

with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

## **PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS**

### **Approval of the Audit & Risk Management Committee**

All related party transactions require prior approval of the Audit & Risk Management Committee. However, the Company may obtain omnibus approval from the Audit & Risk Management Committee for such transactions, subject to compliances with the following conditions:

- a. The Audit & Risk Management Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
  - i Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
  - ii The maximum value per transaction which can be allowed;
  - iii extent and manner of disclosures to be made to the Audit & Risk Management Committee at the time of seeking omnibus approval
  - iv review, at such intervals as the Audit & Risk Management Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
  - v transactions which cannot be subject to the omnibus approval by the Audit & Risk Management Committee
- b. The Audit & Risk Management Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
  - i repetitiveness of the transactions (in past or in future);
  - ii justification for the need of omnibus approval
- c. The Audit & Risk Management Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;
- d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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 & Risk Management Committee may deem fit.

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit & Risk Management Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.

- e. The Audit & Risk Management Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
- f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

- g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- h. Any other conditions as the Audit & Risk Management Committee may deem fit

#### **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are 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 & Risk Management Committee approval;
- b) Transactions in respect of which the Audit & Risk Management 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;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit & Risk Management Committee requires Board approval
- d) Transactions meeting the materiality thresholds laid down in Clause 5 of the Policy, which are intended to be placed before the shareholders for approval

#### **Approval of the Shareholders of the Company**

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 5 of the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

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

(a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

## **1. DISCLOSURES**

---

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause 5 of the Policy above) on a quarterly basis to the stock exchanges.

## **2. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

---

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit & Risk Management Committee. The Audit & Risk Management Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit & Risk Management Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit & Risk Management Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit & Risk Management Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit & Risk Management Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit & Risk Management Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit & Risk Management Committee has authority to modify or waive any procedural requirements of this Policy.

## **3. REVIEW OF THE POLICY**

---

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

## **4. COMPLIANCE RESPONSIBILITY**

---

Compliance of this Policy shall be the responsibility of the Chief Financial Officer and the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.