

EIH LIMITED

RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION

1.1 The Board of Directors of EIH Limited (hereinafter referred to as “EIH” or “The Company”) has adopted this policy on Related Party Transactions based on recommendation of the Audit Committee. The existing Related Party Transaction Policy has been reviewed by the Audit Committee and the Board.

1.2 The Audit Committee and the Board will review this policy as and when required but at least every three years and propose amendment as required to comply with the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) (“Listing Regulations”) and Companies Act, 2013.(“Act”).

1.3 This Policy will be effective from 1st April 2019

2. OBJECTIVE

The objective of this Policy is to regulate transactions between the Company and its Related Parties based on the requirements of the Act, Listing Regulations and any other law, regulations and Accounting Standards as may be applicable to the Company.

3. DEFINITIONS

“**Key Managerial Personnel**” shall include –

- Chief Executive Officer;
- Managing Director;
- Whole-time Directors;
- Company Secretary;
- Chief Financial Officer.

“**Material Related Party Transaction**” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten (10%) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Act or the Listing Regulations, whichever is stricter, including any amendment or modification thereof, as may be applicable.

Notwithstanding the above, 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 two (2%) percent of the annual consolidated turnover of the Company as per the last audited financial statements.

“Promoter” and “promoter group” shall have the meaning assigned to them in clauses (za) and (zb) of sub-section (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

“**Relative**” means a relative as defined in Section 2(77) of the Act and includes anyone who is related in any of the following manner:

- a. Members of a Hindu Undivided Family;
- b. Husband and Wife;
- c. Father*, Mother*, Son*, Son’s Wife, Daughter, Daughter’s Husband, Brother* and Sister*
(including step*)

“**Related Party**” means such person or entity as is a Related Party under Section 2(76) of the Act or any other applicable law or accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding more than twenty (20%) percent or more of shareholding in the listed entity shall be deemed to be a related party.

“**Related Party Transaction**” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.

A “Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract,

4. THE POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval or omnibus approval, details of hereof are given in a separate section of this Policy.

4.1 Identification of Related Party Transactions

Each Director and Key Managerial Personnel shall at the beginning of the financial year, provide a declaration containing the following information to the Company which shall be updated whenever there is any change in such information.

1. Name of his/her Relatives;
2. Partnership firms in which he/she or his/her Relative is a partner;
3. Private companies in which he/she is a member/Director;
4. Public companies in which he/she is a Director and holds along with his/her Relatives more than two (2%) percent of paid-up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each Director and the Key Managerial Personnel shall also give notice to the Company of any potential Related Party Transaction where he may be considered interested. The Director or Key Managerial Personnel will ensure that the notice of any potential Related Party Transaction is delivered well in advance so that the Audit Committee has adequate time to review and approve the transaction.

4.2 Review and Approval of Related Party Transaction

a. Approval Matrix

Transaction Type	Approving Authority	Related Party Transaction (RPT)	Threshold
Transactions with Related Parties in the ordinary course of business and at arm’s length	Audit Committee	All types of Transactions	Not applicable
RPT’s are not in the ordinary course of business or not at arm’s length	Audit Committee and the Board If the RPT’s are as per the threshold	a. Sale, purchase or supply of any goods or materials b. Selling or buying property of any kind	Ten (10%) percent or more of the turnover of the company; Ten (10%) percent or more of net worth of the company;

	specified in column 4, in addition to Audit Committee and the Board, Shareholders	<p>c. Leasing of property of any kind</p> <p>d. Availing or rendering of any services</p> <p>e. Appointment to any office or place of profit</p> <p>f. Underwriting the subscription of any securities or derivatives</p>	<p>Ten (10%) percent or more of the turnover of the company;</p> <p>Ten (10%) percent or more of the turnover of the company;</p> <p>Monthly remuneration exceeding two and half lakh rupees (Rupees 2,50,000);</p> <p>One (1%) percent of the net worth of the Company.</p>
Material RPT	Audit Committee, Board of Directors and Shareholders	<p>a) All types of Transactions excluding brand usage and royalty</p> <p>b) Brand usage and Royalty payments transactions</p>	<p>Individually or taken together with previous transactions during a financial year, exceeds ten (10%) percent of the Annual Consolidated Turnover of the company as per the last Audited Financial Statement.</p> <p>Individually or taken together with previous transactions during a financial year, exceed five (5%) percent of the annual consolidated turnover of the company as per the last Audited Financial Statement.</p>

As per Regulation 23(5)(b) of the listing regulations, in case of any Material Related Party Transaction with a wholly owned subsidiary whose accounts are consolidated with such holding company, prior approval of the Audit Committee will not be required.

As per Regulation 23(4) of the listing regulations, 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.

b. Consideration by the Committee in approving the proposed Transactions

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors among others, to the extent relevant to the transaction:

- i) Whether the terms of the Related Party Transaction are fair and on arm's length basis;
- ii) Whether the Related Party Transaction is beneficial to the Company;
- iii) Whether the transaction is a Material Related Party Transaction;
- iv) Whether there are any business reasons for the Company to enter into the Related Party Transaction and the alternative available, if any;
- v) Whether the Related Party Transaction would affect the independence of the Directors/ KMP;
- vi) Whether the proposed transaction includes any potential reputational risk issue.

c. Determination of Arm's Length Transaction

In order to determine whether a transaction is at arm's length, the Audit Committee/Board will exercise its own judgement based on its assessment from the information furnished and the relevant factors concerning each such transaction. The Audit Committee may also rely on third party professional certifications including latest available reports on pricing carried out by independent consultants to ascertain whether the transaction is at arm's length. For new transactions, the Committee may determine the appropriate methods.

d. Ordinary Course of Business

Related Party Transactions that are part of regular business activities shall be considered to be in the ordinary course of business. The criteria that may be considered for this purpose are as below:

- i) Nature and scope of the transaction and its consistency in general with the operations of the Company;
- ii) Possibility of entering such transaction with third parties;
- iii) Size of the transaction in relation to the prevailing market.

4.3 Approval by the Board

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or if it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modifications as may be necessary or appropriate under the circumstances.

4.4 Omnibus Approval by the Committee

In case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that it is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the Related Party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transaction that can be entered into;
- e. Indicative base price/ current contracted price and allowable variation in price, if any;
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value of material terms of the contract or arrangement have been varied/amended. Any proposed variations/ amendments to these factors shall require a prior approval of the Committee.

Further, where the need for the Related Party Transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs 1,00,00,000 (Rupees One crore only). The details of such transactions shall be reported at the next meeting of the Audit Committee for ratification.

Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

5. Non-compliance of the Policy

If a Related Party Transaction is entered into by the Company without being approved under the policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and all options available to the Company including ratification, revision or termination of the transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under the Policy, and take such action as it may deem appropriate.

A Related Party Transaction entered into without approval under this Policy shall not be deemed to violate this policy, or to be invalid or unenforceable, so long as the transaction is approved or ratified as soon as reasonably practical after any Officer/ Director of the Company becomes aware of such transaction.

In a case where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee may direct additional actions including, but not limited to immediate discontinuation of the transaction. In connection with such review, the Committee has the authority to modify or waive any procedural requirements of the Policy.

6. Disclosures

- 6.1** Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on Corporate Governance;
- 6.2** The Company shall disclose the policy on dealing with Related Party Transaction on its website and a web-link shall be provided in the Annual Report;
- 6.3** 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.
- 6.4** The Annual Report of the Company shall make disclosures in compliance with the Accounting Standard on “Related Party Disclosures” as under:

A)

S. No	In the accounts of	Disclosure of amounts at the year end and the maximum amount of loans/ advances/ investments outstanding during the year
1.	Holding Company	i)Loans and advances in the nature of loans to subsidiaries by name and amount; ii)Loans and advances in the nature of loans to associates by name and amount; iii) Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.
2.	Subsidiary	Same disclosures as applicable to the parent company in the accounts of the subsidiary company.
3.	Holding Company	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.

B) Disclosures of transactions of the company with any person or entity belonging to the promoter/promoter group which hold(s) ten (10%) percent or more Shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results.

Anil Nehru
Chairperson - Audit Committee

P.R.S. Oberoi
Chairperson

Dated: 28th March 2019

Amendments

- 1. Clause 4.2 (a) amended vide resolutions passed at the Audit Committee and Board Meeting held on 24th January 2020*