

EIH Limited

(A member of  The Oberoi Group)

RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION

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 Audit Committee will review this policy from time to time and propose amendment required, if any, to the Board of Directors.

This Policy will be effective from 1st October, 2014.

2. OBJECTIVE

The objective of this Policy is to regulate transactions between the Company and its Related Parties based on the Companies Act, 2013 (“Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and any other law, regulations and accounting standards as may be applicable to the Company.

3. DEFINITIONS

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

1. the Chief Executive Officer;
2. the Managing Director;
3. Whole-time Directors;
4. the Company Secretary;
5. the 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 10% 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.

“**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.

“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 2% 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 not in Ordinary Course of Business or not at arm's length	Audit Committee and the Board. If the RPT's exceed the Threshold Limit, in addition to above, Shareholders.	<ul style="list-style-type: none"> a. Sale, purchase or supply of any goods or materials b. Selling or buying property of any kind c. Leasing of property of any kind d. Availing or rendering of any services e. Appointment to any office or place of profit f. Underwriting the subscription of any securities or derivatives 	<ul style="list-style-type: none"> a. Ten percent of the turnover or rupees one hundred crore, whichever is lower b. Ten percent of net worth of the company or rupees one hundred crore, whichever is lower c. Ten percent of the turnover or ten percent of net worth of the company or rupees one hundred crore, whichever is lower d. Ten percent of the turnover of the company or rupees fifty crores, whichever is lower e. Monthly remuneration exceeding two and half lakh rupees f. One percent of the net worth of the Company.
Material RPT	Audit Committee, Board of Directors and Shareholders	All types of Transactions	Individually or taken together exceeds 10% of the Annual Consolidated Turnover of the company as per the last Audited Financial Statement.

As per Regulation 23 of the Listing Regulations, in case of any Material Related Party Transactions with a wholly owned subsidiary, prior approval of the Audit Committee will not be required.

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 transaction, 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.

4.2 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.

4.3 **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 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.

L. Ganesh
Chairperson - Audit Committee

P.R.S.Oberoi
Chairperson