



## **BRIGADE HOTEL VENTURES LIMITED**

### **POLICY ON RELATED PARTY TRANSACTIONS**

#### **Policy Ownership**

**Owner** : Company Secretarial

#### **Policy Change Log**

<b>Version</b>	<b>Issued on</b>	<b>Effective from</b>
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**BRIGADE HOTEL VENTURES LIMITED**  
**POLICY ON RELATED PARTY TRANSACTIONS**

**1) PREAMBLE**

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Brigade Hotel Ventures Limited ("BHVL" or "the Company") has formulated a Policy on Related Party Transactions.

**2) OBJECTIVE**

The objective of this Policy is to set out:

- a) the materiality thresholds for related party transactions;
- b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 the Listing Regulations and any other laws and regulations as may be applicable to the Company; and
- c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

**3) DEFINITIONS**

- a) **"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.
- b) **"Audit Committee or the Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Act read with Regulation 18 of the Listing Regulations.
- c) **"Board"** means the Board of Directors of the Company.
- d) **"Key Managerial Personnel"** (KMP) means KMP as defined under Section 2(51) of the Act read with Regulation 2(o) of the Listing Regulations.
- e) **"Material Related Party Transaction/ Material RPT"** means such transactions as prescribed in the Act or the Listing Regulations, as may be applicable.



- f) **"Ordinary Course of Business"** for the purpose of this policy will cover the business of the Company and its Group, usual transactions, customs and practices of a business including incidental and/ or facilitative activities of the business of the Company and its Group.

The following factors have been considered for determination of whether the transactions are in the ordinary course of business:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time; or
  - activity in furtherance to carry on business; or
  - historical practice with a pattern of frequency; or
  - common commercial practice; or
  - meets any other parameters/ criteria as decided by the Board/ Audit Committee.
- g) **"Related Party"** with reference to a Company, shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations.
- h) **"Related Party Transaction" (RPT)** means:
- for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 and clause (iv) of sub-section 4 of Section 177 of the Act; and
  - for the purpose of the Listing Regulations, transaction mentioned under Regulation 2(1)(zc) of the Listing Regulations.
- i) **"Relative"** means relative as defined under Section 2(77) of the Act and Rules prescribed there under.

#### 4) MATERIALITY THRESHOLDS

BHVL has formulated this Policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors and at the level prescribed under explanation to Regulation 23(1) of the SEBI Listing Regulations as under:

A transaction with a related party shall be considered material if the:

- Transaction(s) to be entered into individually or taken together with previous transactions with a related party during the financial year, exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- Transaction(s) involving payments made to a related party with respect to brand usage or royalty, if individually or taken together with the previous transactions during a

financial year exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## **5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

The approval of the Audit Committee shall be obtained for all related party transactions and subsequent modifications before entering into the same.

Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

### **a) Identification of related parties**

- i. Each Director and Key Managerial Personnel is responsible to bring to the notice of the Board/ Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request.
- ii. The Board/ Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- iii. The Director and Key Managerial Personnel shall send notice of any potential Related Party Transaction.
- iv. In addition to the above, Senior management shall make disclosures to the Board/ Audit Committee relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

*Conflict of interest relates to dealing in the shares of the entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.*

### **b) Identification of related party transactions**

The company shall identify related party transactions based on the list of Related Parties identified under (a) above, in accordance with Section 177 and 188 of the Act and Regulation 23 of the Listing Regulations.

Thereafter the concerned department entering into the transaction shall establish whether the transaction is at arm's length and in the ordinary course of business or whether the transaction is Material.

### **c) Procedure for approval of related party transactions (RPTs)**

- i. **Approval of the Audit Committee of the Company**



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- **Approval of RPTs where Company is party to a transaction:** All RPTs and subsequent Material Modification(s) are subject to prior approval of the Audit Committee, irrespective of its materiality, subject to exceptions listed below.

'**Material Modification**' means any modification to an existing related party transaction having variance of 25% of the existing limit as sanctioned by the Audit Committee/ Board/ Shareholders, as the case may be.

Minimum Information to be placed before the Audit Committee for review and approval of a proposed RPT is enclosed as Annexure 1.

- **Approval of RPTs where Company is NOT party to a transaction:**
  - Prior approval from Audit Committee shall be sought for RPTs to which the subsidiary of a Company is a party but the Company is not a party, if the value of transaction whether entered into individually or taken together with previous transactions during a financial year *exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;*
  - Prior approval from Audit Committee shall be sought for RPTs to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, *exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.*
  - Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

*For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.*

Related Party Transactions which are either not in the ordinary course of business or are not at arms basis shall also require prior approval of the Board of Directors of the Company.

Any member of the Audit Committee or Board who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction. Only Independent Directors who are members of the Audit Committee, shall approve related party transactions in line with Listing Regulations.

Omnibus approval of the Audit Committee

In the case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval.

While granting such approval, Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

The omnibus approval shall specify the following:

- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction in aggregate that can be entered into during the year;
- the indicative base price/ current contracted price and the formula for variation in the price if any (for ex: +/- 5%); and
- such other conditions as the Audit Committee may deem fit.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs. 1 Crore per transaction.

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period of 1 year and shall require fresh approvals after the expiry of 1 year.

Further in terms of the Act, omnibus approval shall not be made for transactions in respect of selling or disposing of the Undertaking of the Company, as defined under the Act, from time to time.

**ii. 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 at an arm's length basis, shall be placed before the Board for its approval.

The following kinds of transactions with related parties shall also be placed before the Board for its approval:

- 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 Committee approval;

- 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;
- Transactions exceeding the materiality thresholds laid down Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

Any transaction of giving loan, making investment, providing guarantee or security where in transaction is considered as financial in nature, which are not covered in Section 188 may also be considered for Board's approval.

### iii. **Approval of Shareholders of the Company**

Shareholders' approval for Material RPTs as may be required under the Act and Listing Regulations shall be obtained in the manner as required under the respective provisions.

#### Exception in terms of Regulation 23 (5) of the Listing Regulations and the Act:

Transactions entered into between the Company and its wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, are exempt from:

- seeking approval of the Audit Committee
- seeking approval of the Shareholders (including Material RPTs)

## **6) DISCLOSURE**

This Policy shall be disseminated to relevant functions and shall be hosted on the website of the Company and web link thereto shall be provided in the Annual Report of the Company every year.

## **7) POLICY REVIEW**

This Policy will be reviewed periodically by the Board/ Audit Committee as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors in cases of material changes to the Policy.

In addition to the above, the Policy shall be reviewed by the Board at least once every three years.

*This Policy was approved by the Board on October 5, 2024.*

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Annexure 1

Information to be reviewed by the Audit Committee for approval of RPTs:

Particulars	Remarks
Type, material terms and particulars of the proposed transaction	
Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise)	
Tenure of the proposed transaction (particular tenure shall be specified)	
Value of the proposed transaction	
<p>The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction</p> <p>For a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided</p>	
<p>If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:</p> <p>a) details of the source of funds in connection with the proposed transaction</p> <p>b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:</p> <ul style="list-style-type: none"> <li>▪ nature of indebtedness;</li> <li>▪ cost of funds; and</li> <li>▪ tenure</li> </ul> <p>c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security</p> <p>d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT</p>	
Justification as to why the RPT is in the interest of the listed entity	
A copy of the valuation or other external party report, if	





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any such report has been relied upon	
Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	
Any other information that may be relevant	

**Reference to definitions under SEBI Listing Regulations and the Companies Act, 2013**  
***(for internal consumption only)***

- a) **"Key Managerial Personnel"** (KMP) as per the Act includes:
- Chief Executive Officer/ Managing Director/ Manager;
  - Company Secretary;
  - Whole-time director;
  - Chief Financial Officer;
  - 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
- b) **"Material Related Party Transaction/ Material RPT"** means such transactions as prescribed in the Act or the Listing Regulations, as may be applicable.

As per Regulation 23 of the Listing Regulations:

- Transaction(s) to be entered into individually or taken together with previous transactions with a related party during the financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

With effect from 1<sup>st</sup> April, 2022, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, *whichever is lower*.

- Transactions involving payments made to a related party with respect to brand usage or royalty, if individually or taken together with the previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company

As per Section 188 of the Act read with relevant Rules:

Nature of transactions	Materiality Threshold for the Transactions
Sale, purchase, supply of any goods or materials, directly or through agent	Amounting to 10% or more of the Turnover of the Company
Selling or otherwise disposal of or buying property of any kind directly or through agent	Amounting to 10% or more of Networth of the Company
Leasing of property of any kind	Amounting to 10% or more of the Turnover of the Company
Availing or rendering of services directly or through agent	Amounting to 10% or more of Turnover of the Company

<i>The limits specified above shall apply for transaction/ transactions individually or taken together with previous transactions during a financial year</i>	
Appointment to any office or place of profit in the Company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 2,50,000/-.
Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company.	Exceeding 1% of the Net worth

*The Turnover or Net worth referred above shall be computed on the basis of the audited financial statements of the preceding financial year.*

c) **"Related Party"** with reference to a Company means:

As per Section 2(76) of the Act read with relevant Rules:

- A Director or his Relative;
- A KMP or his Relative;
- A Firm, in which director, manager or his Relative is a partner;
- A Private Company, in which director, manager or his Relative is a member or director;
- A Public Company, in which director or manager is a director and holds along with his Relatives, more than 2% of its paid-up share capital;
- Any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a director or a manager; vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act;
- Any body corporate which is:
  - a holding, subsidiary or an associate company of the Company; or
  - a subsidiary of a holding company to which it is also a subsidiary; or
  - an investing company or the venturer of the company
- A Director other than an Independent Director or KMP of the holding company or his relative.
- Any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company.
- The entity is for a post-employment benefit plan, for the benefit of employees of the Company or an entity related to the Company. If the Company is itself for such a Plan, the sponsoring Employers are also related to the Company;

As per Regulation 2(zb) of the Listing Regulations:

- As defined under Section 2 (76) of the Companies Act, 2013 or under the applicable accounting standards.
- Any person or entity forming part of the promoter or promoter group of the Company; or

- any person or any entity, holding equity shares:
  - (i) of 20% or more; or
  - (ii) of 10% or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

- d) **"Related Party Transaction"** as per Regulation 2(1)(zc) of the Listing Regulation means a transfer of resources, services or obligations between the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries regardless of whether a 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:

Following shall not be a related party transaction:

- 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) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

- e) **"Relative"** as per the Act includes:
- Members of a Hindu undivided family;
  - Husband and Wife
  - Father (including step-father)
  - Mother (including step-mother)
  - Son (including step-son) and his wife
  - Daughter and her husband



- Brother (including step-brother)
- Sister (including step-sister)

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