

**COUNTRY CLUB HOSPITALITY & HOLIDAYS LIMITED  
POLICY ON RELATED PARTY TRANSACTIONS**

**1. PREAMBLE:**

**COUNTRY CLUB HOSPITALITY & HOLIDAYS LIMITED** (“the Company”) recognizes that Related party transactions as defined below may have 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 Revised Clause 49 of the Listing Agreement (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014) the Board of Directors (the “Board”) of the Company has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions. Going forward, the Audit Committee would review and amend the policy, as when required, subject to the approval of Board.

**2. OBJECTIVE OF THE POLICY:**

The objective of this Policy is to set out the materiality thresholds for related party transactions and the manner of dealing with the transactions between the Company and its related parties based on the Act, clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company. This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

**3. DEFINITIONS:**

**“Arm’s length transaction (‘ALP’)”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**“Relative”** in relation to a related party shall have the same meaning assigned to in Section 2(77) and the rules made there under of the Act.

**“Related Party”**, means pursuant to Clause 49 of the Listing Agreement an entity shall be considered as related to the Company

- i. such entity is a related party under Section 2 (76) of the Companies Act, 2013 (or)
- ii. such entity is a related party under the applicable accounting standards.

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party.”

**“Audit Committee or Committee”** means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

**“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten 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 Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time. All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

**“Related Party Transaction” (‘RPT’)** means -

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose of revised clause 49, any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

**“Ordinary Course of Business (‘OCB’)** means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time, 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.

#### **4. MATERIALITY THRESHOLDS**

##### **a) Under clause 49 of the Listing Agreement**

A Related Party Transaction shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company for the purpose of Clause 49(VII)(C) of the Listing Agreement.

##### **b) Under the Act**

A Related Party Transaction shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed the limit as specified in Rule 15 of the (Meetings of Board and its Powers) Rules, 2014.

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

Each Director and KMPs of the Company is responsible for providing declaration/ notice in the prescribed Form to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he/ she or his / her relative is interested, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with the management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

#### **6. REVIEW AND APPROVAL OF RELATE PARTY TRANSACTIONS:**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who, if any has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

The Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed - including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
  - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
  - third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
  - management assessment of pricing terms and business justification for the proposed transaction;

#### **7. Omnibus approval by the Committee:**

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide -

- A. The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
- B. The indicative base price / current contracted price and the formula for variation in the price, if any and
- C. 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 or such higher amount as may be approved by members by way of special Resolution and :

- o 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;
- o Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

#### **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 and 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:

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 it is mandatory under any law for 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 modification as may be necessary or appropriate under the circumstances.

#### **8. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED:**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

**9. DISCLOSURES:**

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 arm's length basis along with the justification for entering into such transaction.

In addition to the above, COMPANY shall also provide details of all related party transactions meeting the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis to the Stock Exchanges.

**10. Consequences of Non-Compliance of Such Policy for any Related Party Transaction:**

Non-compliance of this policy may lead to initiation of disciplinary proceedings against the employee. Details of such disciplinary proceedings will form part of the personal life of such employee and will be considered as default on his or her key responsibilities.

The above would be over and above the prescribed the prescribed penal consequences under Companies Act, listing Agreement, Securities Contract regulation Act, 1956 or the employee standing order of the company.

\*\*\*\*\*

**For and on behalf of Board**

**For M/s. COUNTRY CLUB HOSPITALITY & HOLIDAYS LIMITED**

**Y. VARUN REDDY  
VICE- CHAIRMAN, JMD & COO  
DIN: 01905757**