

U P HOTELS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

1. Purpose:

The Board of Directors (the "Board") of U P Hotels Limited ("UPHL" or "the Company"), based on recommendations of the Audit Committee, has adopted the Policy on materiality of Related Party Transactions and dealing with Related Party Transactions (the "Policy") in terms of the requirements of Companies Act, 2013 ("Act") read with the Rules framed thereunder and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee would review and recommend to the Board any amendment / modification to the Policy, as and when required.

2. Definitions:

Accounting Standards means accounting standards notified under Section 133 of the Act.

Audit Committee means a committee of the Board of Directors constituted as per the requirements of and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act.

Key Managerial Personnel ('KMP') means a person who is a KMP, as defined in sub-section (51) of Section 2 of the Act or KMP within the meaning of the Accounting Standard 18 – Related Party Disclosures ('AS 18').

Policy means this Policy on materiality of Related Party Transactions and dealing with Related Party Transactions, as amended from time to time.

Related Party or Related Parties with reference to a Company shall have the same meaning as defined in Section 2(76) of the Act and Regulation 2(zc) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Related Party Transaction means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly with respect to the items specified in Section 188(1)(a) to (g) of the Act and which involves 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.

Words and expressions used and not defined in this Policy, but defined in the Act or any Rules framed thereunder or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the committee in accordance with this Policy. All material Related Party Transactions should be approved by the shareholders of the Company.

Manner of dealing with Related Party Transactions:**i) Identification of Related Parties:**

Based on declarations / disclosures received from the Directors / KMP, from time to time, the list of Related Parties shall be identified.

ii) Identification of Related Party Transactions:

In the event that a proposed transaction is to be entered into with any of the parties identified as a Related Party in the list of the Related Parties, the proposed transaction shall be considered as a Related Party Transaction.

iii) Arm's length evaluation:

The Act or Rules framed thereunder or, and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 require that the transactions between Related Parties be conducted at Arm's length. However, Arm's length transaction has been defined under Explanation (b) of Section 188(1) of the Act as the transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

iv) Procedure for approval of Related Party Transactions:**Audit Committee:**

Every Related Party transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any member of the Committee who has potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential related Party Transactions and/or prescribed under the Companies Act, 2013 and Rules thereafter, and the Listing Agreement with the Stock Exchange.

Board:

If the Committee requires that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction 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.

Shareholders:

All the material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution.

MATERIAL RELATED PARTY TRANSACTIONS

A transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

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 under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of 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 Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

GENERAL PRINCIPLES

It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholder, including abuse in Related Party Transactions.

The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions and assure themselves that the same are in the interest of the Company.

The Audit Committee shall have the following powers with respect to Related Party Transactions:

- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To investigate any Related Party Transaction.

The CFO of the Company is authorised to issue necessary guidelines / instructions for implementation of this Policy.

The company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

DISCLOSURES

Details of all material transactions with Related Parties shall be disclosed to Stock Exchange quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

AMENDMENTS IN LAW

Any subsequent amendment / modification in the listing agreement and / or other applicable laws in this regard shall automatically apply to this Policy.