

Chalet Hotels Limited

CIN: L55101MH1986PLC038538

Raheja Tower, Plot No. C-30, Block 'G', Next to Bank of Baroda, Bandra Kurla Complex, Bandra (E), Mumbai
400051 Website: www.chalet-hotels.com Tel:- 91-22-26564000

POLICY ON RELATED PARTY TRANSACTIONS

Preamble

The Board of Directors (the "Board") of Chalet Hotels Limited (the "Company or CHL") hereby adopts the policy and procedures with regard to Related Party Transactions ("RPT") as defined below. The Audit Committee shall review and may suggest amendments to this policy from time to time, for Board approval.

This Policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company. The Policy shall be reviewed by the Board at least once every three years and updated accordingly.

Purpose

The Company has framed this policy pursuant to Section 188 of the Companies Act, 2013 ('the Act'), and the rules framed thereunder, and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Listing Regulations as amended from time to time. This Policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company, are at Arms' Length and in the Ordinary Course of Business. Any exceptions are subject to approval.

Definitions

"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.

"Audit Committee" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" means key managerial personnel as defined under the Act and includes:

- a. Chief Executive Officer / Managing Director / Manager
- b. Whole-time Director
- c. Chief Financial Officer
- d. Company Secretary
- e. 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
- f. such other officer as may be prescribed;

"Material Modification" of a related party transaction, means a variation in the terms of a transaction with a related party, which variation exceeds 30% of the consideration value originally agreed upon of such transaction.

"Material Related Party Transaction" means a transaction with a related party if the transaction/ transactions or contracts to be entered into individually or taken together with previous transactions during a financial year, which exceeds the following thresholds, determined based on the last audited financial statements of the Company or such other thresholds as may be prescribed either in the Act or the Listing Regulations, including any amendment or modification thereof, as may be applicable:

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Consolidated Turnover of the Company	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above Rs. 20,000 Crore
(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above Rs. 40,000 Crore or Rs. 5000 Crores, whichever is lower.

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 5% of the annual consolidated turnover of the Company as per the last Audited financial statements.”

“Policy” means Policy for Related Party Transactions.

“Related Party” means and includes as per Section 2(76) of the Companies Act, 2013:

- (i) a director or his relative;
- (ii) key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- (vi) 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 manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act; Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any body corporate which is-
 - (a) a holding, subsidiary or an associate company of such Company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of the Company;
- (ix) such other person as may be prescribed.

“Related Party” under Clause 2(1)(zb) of the Listing Regulations read along with Section 2(76) of the Act or under the applicable Accounting Standards;

Provided that the following persons shall be deemed to be related party:

- a. any person or entity belonging to the promoter or promoter group of the listed entity; or
- b. any person or any entity holding 10% or more of equity shareholding in the listed entity directly or on beneficial interest basis during the immediately preceding financial year.

2. Related Party under the IndAS 24 (Indian Accounting Standards) is a person or entity that is related to the entity that is preparing its financial statements (“reporting entity”) as follows:

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) in the consolidation of Financial Statements.
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.
- (ix) an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other.

“Related Party Transactions” means any transaction, directly or indirectly, 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) They are husband and wife
- (b) Father (including stepfather)
- (c) Mother (including stepmother)
- (d) Son (including stepson)
- (e) Son's wife
- (f) Daughter
- (g) Daughter's husband
- (h) Brother (including stepbrother)
- (i) Sister (including stepsister)

“Unforeseen Related Party Transaction” means a Related Party Transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees One Crore per transaction.

Policy

Related Party Transactions and subsequent material modifications thereto must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. Approval of the Board of Directors and shareholders shall be sought only in case where it is applicable or necessary.

Related Party Transaction not attracting compliances under Section 188 of the Act

The following transactions are exempted under the provisos to sub-section (1) of Section 188:

- Related Party Transactions which are in the Ordinary Course of Business and at Arm's Length;
- Related Party Transactions between a Holding Company and its Wholly Owned Subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

It is clarified that for this purpose, with regards to the Company, transactions entered in the Ordinary Course of Business shall be such transactions that are in accordance with the line of business at present being pursued by the Company and any allied transaction towards furtherance of the business that the Company is involved in. It may be also clarified that any excess material procured by the Company for use in the Hotels/Real Estate Development business may be sold by the Company to a Related Party if it cannot be profitably used and such a

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sale will also be deemed to be a transaction in the ordinary course of business.

There could be deviations in exempt transactions with Group Companies under the following circumstances:

- (a) Economic reasons including Corporate Debt Restructuring, Financial conditions and other extraordinary circumstances
- (b) Obligations of the Company as a Promoter / Joint Venture Partner of a Project and a Consortium Member
- (c) Regulatory enactments / obligations, if any

The business activities including all types of payments, services availed and/or rendered to Related Parties shall be deemed to be considered in the Ordinary Course provided it fulfils any of the following parameters:

- (i) Main and ancillary/incidental Business defined in Memorandum of Association
- (ii) Business Practice precedent
- (iii) Regulatory obligations
- (iv) Covenant obligations
- (v) Reputational Risk element
- (vi) Frequency of the transaction undertaken and purpose of the same
- (vii) Ensuring business confidentiality and continuity of inter-dependent business of the Group

In the absence of any specific regulatory guidelines / definition on the "Ordinary Course of Business", the above provision would be recommendatory guidelines for review of Related Party Transactions and accordingly from point no (i) to (vii) would form part of the Ordinary Course of Business.

Limits as per Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014

For the purpose of first proviso to sub-section (1) of Section 188 of Act except with the prior approval of the company by an Ordinary Resolution, the Company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into involve:

- (A) contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188 with criteria as mentioned below-

Section	Nature of Transaction	Limit
188(1)(a)/(e)	sale, purchase or supply of any goods or materials, directly or through appointment of agent therefor	amounting to 10% or more of the turnover of the Company
188(1)(b)/(e)	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to 10% or more of the net-worth of the Company
188(1)(c)	leasing of property of any kind	amounting to 10% or more of the turnover of the Company
188(1)(d)/(e)	availing or rendering of any services, directly or through appointment of agent	amounting to 10% or more of the turnover of the Company

Explanation – It is hereby clarified that the limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (B) appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company at a monthly remuneration exceeding two and half lakh rupees as mentioned in Section 188(1)(f); or
- (C) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the network as mentioned in Section 188(1)(g)

Explanation – (1) The Turnover or Network referred in the above sub-rules shall be computed on the basis of the Audited Financial Statements of the preceding financial year.

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- (2) In case of a wholly owned subsidiary, an Ordinary Resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

Approval for Related Party Transactions:

The Company or its Subsidiary shall not enter into any Related Party Transaction except as stated hereinafter.

Transactions requiring approval of Audit Committee:

All Related Party Transactions and Subsequent Material Modifications shall require approval of the Audit Committee and only those members who are Independent Directors shall approve the Related Party Transactions.

Provided that a related party transaction above rupees one crore to which the subsidiary is a party but the Company is not a party shall require prior approval of the Audit Committee only if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the lower of the following:

- i) 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- ii) the threshold for material related party transactions as specified in the definition of material RPT.

Provided further that in the event of a related party transaction above rupees one crore, to which the subsidiary is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee shall be obtained if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the lower of the following:

- i) 10% of the aggregate value of paid-up share capital and securities premium account of the Subsidiary as on date, not older than three months prior to the date of seeking approval of the Audit Committee;
- ii) the threshold for Material Related Party Transactions as specified in the definition of material RPT.

The members of the Audit Committee who are Independent Directors may ratify transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- i) the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed Rupees One Crore;
- ii) the transaction is not material in terms of definition of RPT
- iii) rationale for inability to seek prior approval for transaction shall be placed before the Audit Committee at the time of seeking ratification;
- iv) the details of ratification shall be disclosed along with the relevant disclosures of Related Party Transactions to the Stock Exchanges under the SEBI Listing Regulations;
- v) any other condition as specified by the Audit Committee.

Transactions requiring approval of Board:

Following transactions shall require a prior approval of the Board:

- i) Related Party Transactions which are not in the Ordinary Course of Business or not at arm's length;
- ii) Material Related Party Transactions.

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Transactions requiring approval of Shareholders of the Company:

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders of the Company by way of a resolution and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.

Provided that the omnibus approval granted by shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of Act and related notifications or circulars issued thereunder from time to time.

Provided further that in case of omnibus approvals for Material Related Party Transactions granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

All Related Party Transactions which are not in the Ordinary Course of Business or not at Arm's Length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require approval of the shareholders by way of a resolution; and in such cases, the Related Parties to the transaction shall abstain from voting on such resolution.

Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall include the all such information as may be required under the Act, Listing Regulations and SEBI Circulars issued in this respect from time to time.

Omnibus Approvals by the Audit Committee

- The Audit Committee shall determine the criteria for omnibus approval, in line with the Company's Policy on Related Party Transactions. Omnibus approval shall be granted only for transactions of a repetitive nature.
- The Audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity.
- Omnibus approval from the Audit Committee can also be granted in case the transactions are entered between subsidiaries and other related parties, where the Company is not a party to the transaction subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the Listing Regulations.
- Audit Committee shall review the details of actual RPTs entered into by the Company and/or its subsidiaries pursuant to each of the Omnibus Approvals on a quarterly basis.

The Audit Committee shall also review the status of Other RPTs that do not require specific prior approval of the Audit Committee

- Any transaction that involves compensation to Directors or KMPs in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business, unless they are Material RPTs.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Act.

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- Any other exception that is consistent with the applicable laws, including any rules or regulations made thereunder.

Identification of Potential Related Party Transactions

Each director and key managerial personnel is responsible for providing notice to the Board or 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. Board / Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Determination of Arms' Length

- a) The parameters for Arm's Length are to be gauged based on any one or more of the following criteria:
 - Market Price, if readily available and if market exists for the same item;
 - Price charged by the Company to unrelated parties for the same item;
 - Independent Valuations by a professional;
 - Obtaining 2 to 3 comparative quotes from Unrelated Parties for similar transactions;
 - Regulatory and other obligations, as applicable.
- b) Arm's Length criteria/process to be observed:
 - In order to ensure compliance with the principle of arms' length pricing in terms of Section 188 of the Act, Originator of such approval, memorandum or transaction or the Head of the Department from where the transaction originated shall provide comparative analysis of the similar transaction with an unrelated party.
 - The responsibility of ensuring that the transaction with related party is undertaken at arm's length basis rests with the respective Heads of Departments originating the transaction.
- c) Any transactions with the Related Parties shall primarily be reviewed by any one the RPT Reviewers, i.e. the team comprising of:
 - Managing Director & CEO / Whole time Director
 - Chief Financial Officer
 - Chief Operating Officer
 - Financial Controller or any such person heading the Finance function or such other person by whatever name called
 - Company Secretary
 - Asset Management Head
 - Legal Head
 - Chief Internal Auditorand such other person as deemed appropriate in the given situation/ transaction possessing relevant expertise and experience to assess the RPT.

Review and Approval of Related Party Transactions

Related Party Transactions and subsequent material modifications thereto will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction. The said transaction shall also require subsequent approval by the Board of Directors.

Procedure for review of Related Party Transactions

- (a) All Related Party Transactions or changes therein must be reported by the Heads of Departments, Finance Departments of the Hotels / Commercial / Residential Buildings / Units and Head of Accounts Department

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- to the Chief Financial Officer or Company Secretary and referred for approval of the Audit Committee in accordance with this Policy. It shall be the duty of the person heading the Finance function, by whatever name called, to ensure such transactions are being placed before the Audit Committee.
- (b) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.
- (c) If the Board is of the view that the Related Party Transaction and subsequent material modifications needs to be approved at a General Meeting of the shareholders by way of Ordinary Resolution pursuant to Act and any other applicable law, the same shall be put up for prior approval by the shareholders of the Company.
- (d) If prior approval of the Audit Committee / Board / General Meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by members of Audit Committee, who are independent directors and the Board / General Meeting, if required, within 3 months of entering in the Related Party Transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to such conditions as provided in Regulation 23(2)(f) of the SEBI Listing Regulations and for transactions upto Rs. 1 crore only. Provided that where prior approval of the Audit Committee cannot be obtained due to unforeseen circumstances, the same may be considered for approval under the Omnibus Approval route of the Audit Committee.
- Provided that failure to ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.
- (e) In any case where either the Audit Committee / Board / General Meeting determines not to ratify a Related Party Transaction that has been commenced or concluded without approval, the Committee or Board or the General Meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee / Board has the authority to modify or waive any procedural requirement of this Policy.
- (f) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on such terms not less favourable than the terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Party's interest in the transaction.
- (g) If a Related Party Transaction will be ongoing, the Audit Committee may resolve to grant Omnibus Approval in line with the Policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.
- (h) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company.
- (i) The omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and (iii) such other conditions as the Audit Committee may deem fit.
- Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- (j) Thereafter, the Audit Committee, shall review atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
- (k) The omnibus approval granted by shareholders for Material Related Party Transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of Act and related notifications or circulars issued thereunder from time to time.
- Provided further that in case of omnibus approvals for material related party transactions granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval. Any member of the Audit Committee who has an interest in any RPT, shall recuse himself or herself and abstain from discussion and voting on the approval of such RPTs.

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- (l) In addition, the Audit Committee / Board may review any Related Party Transactions involving Independent Directors as part of the annual determination of their independence. However, only those members of the Audit Committee, who are independent directors, shall approve related party transactions.
- (m) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

Standards of Review

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

- The Related Party's interest in the transaction
- The approximate value of the amount involved in the transaction
- The approximate value of the amount of the Related Party's interest in the transaction
- Whether the transaction was undertaken in the ordinary course of business of the Company
- Whether the terms of the transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party
- Whether the Related Party Transaction would affect the independence of an Independent Director

Amended as on January 29, 2025

Amended as on November 4, 2025

Amended as on May 14, 2026