

India Tourism Development Corporation Limited

Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 lay down certain procedure to be followed for entering into Related Party Transactions. Sebi (LODR) Regulations, 2015 (“Regulation 23”) requires that the Company shall formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions. Pursuant to this requirement of Sebi (LODR) Regulations, 2015, Company has adopted and revised this Related party Transaction Policy dealing with the identification, review and approval of Related Party Transactions.

APPLICABILITY:

This Policy shall be applicable to all transactions between the Company and its Related Parties.

SCOPE AND PURPOSE:

The Policy has been framed to comply with the applicable provisions of Companies Act, 2013 and of the Sebi (LODR) Regulations, 2015. Any subsequent amendment/modification in the applicable provisions of Companies Act, 2013 or the rules made thereunder or in the Sebi (LODR) Regulations, 2015 in this regard shall be deemed to be automatically incorporated in this Policy.

DEFINITIONS:

“**Act**” shall mean the companies Act, 2013 and Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**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.

“**Associate Company**”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.

Explanation – for the purposes of this clause,-

- a) “significant Influence” means Control of at least twenty percent of total voting power or control of , or participation in business decisions under an Agreement.
- b) “Joint Venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

“**Board Level Audit Committee**” or “Committee” means “Audit Committee” of the Board of the Company.

“Company” means India Tourism Development Corporation.

“Key Managerial Personnel” means Key Managerial Personnel of the company in terms of the Companies Act, 2013 and the rules made there under.

“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 annual consolidated turnover of the company as per the last audited financial statements of the company.

Notwithstanding the above, [with effect from July 01, 2019] 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

Note : As per Rule 15(3) of the Companies (Meeting of Board) Rules, the material transaction for which the approval of the shareholders would be required shall be the transaction of the value exceeding ten per cent of the turnover of the Company or Rs.100 crore whichever is lower.

“Ordinary Course of Business” means the usual transactions, customs and practices undertaken by the company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

“Policy” means Related Party Transactions Policy of the company.

“Related Party” means a person or an entity:

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

As per Section 2(76) of the companies Act, 2013 and rules made there under, Related Party is as under-

- (i) a director or his relative;
- (ii) a 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.
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;"

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

Related Parties under the applicable Accounting Standards are as follows:

- a) Enterprises that directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding Companies, subsidiaries and fellow subsidiaries);
- b) associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the enterprise is an associate or a Joint Venture;
- c) individuals owning, directly or indirectly, an interest in the voting power of the enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- d) key Management Personnel and relatives of such personnel; and
- e) enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises that have a member of Key Management in common with the reporting enterprise.

Clause 10 of the aforesaid Accounting Standards, defines certain terms which are also pertinent for ascertaining related party relationships and the same are as follows:

Related party

Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decision.

Related Party Transaction

A transfer of resources or obligations between related parties regardless of whether or not a price is charged.

Control

- (a) Ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or (b) control of the composition of the Board of directors in the case of a Company or of the composition of the corresponding governing body in case of any other enterprise, or (c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant Influence

Participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

An Associate

An enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a Joint Venture of that party.

A Joint Venture

A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Joint Control

The contractually agreed sharing of power to govern the financial and operating policies of an economic activity so as to obtain benefits from it.

“Related Party Transactions”: As per Section 188 of the Companies Act, 2013 all contracts or arrangements with a Related Party with respect to:

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agency for purchase or sale of goods, materials, services or property;
- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associated company; and
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company.

“Relatives”, with reference to any person, means anyone who is related to another, if

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other person as :

- (a) Father (including step-father)

- (b) Mother (including step-mother)
- (c) Son (including step-son)
- (d) Son's wife
- (e) Daughter
- (f) Daughter's husband
- (g) Brother (including step-brother)
- (h) Mother (including step-mother)

“Transaction”: A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

A. Approval of the Audit Committee

- Every Related Party Transaction shall have prior approval of the Board Level Audit Committee.
- Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company, or any other relevant matters.

The Board Level Audit Committee may grant omnibus approval for related party Transactions which are (i) repetitive in nature; (ii) in ordinary course of business; (iii) are on arm's length basis, and (iv) within the material limits. 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.

The Board Level Audit Committee shall lay down criteria for granting omnibus approval in line with this Policy. The omnibus approval where granted shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The approval shall specify the following:

- (a) Name(s) of the related party
- (b) Nature of transaction
- (c) Maximum amount of transaction that can be entered into
- (d) Period of transaction

- (e) The indicative base price/current contracted price and the formula for variation in the price, if any
- (f) Any other condition as deemed fit and proper by the Board Level Audit Committee.

Provided that where the need for the RPT cannot be foreseen and details given above are not available, the Board Level Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding Rs. 1 Crore per transaction.

- The Board Level Audit Committee shall review, at least on a quarterly basis, the details of RPT's entered into by the Company pursuant to each of the omnibus approval given.
- This Policy shall be reviewed by the board of directors at least once every three years and updated accordingly.
- Such approval of Board Level Audit Committee may be obtained by way of circular resolution or at a duly convened meeting of the Audit Committee.

B. Approval of the Board of Directors

- All cases where the Related Party Transactions are not in the ordinary course of business and/or are not on arm's length basis but within the prescribed limits as per the Companies (Meeting of Board & its powers) Rules, 2014 shall be brought before the Board of Directors for approval through Board Level Audit Committee.

C. Approval of the Shareholders

- All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meeting or Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the Company and/or not on arm's length basis shall require approval of the shareholders through resolution.

General

1. Apart from other provisions of the Act, in terms of Regulation 23 of the sub-clause (7) of the Sebi (LODR), 2015 all entitles falling under the definition

of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

2. The regulating provisions of the Listing Regulations relating to Related Party Transactions given under Regulation 23(5) of the Sebi (LODR), 2015 are not applicable in the following cases:
3. a) transactions entered into between two government companies;
4. b) transactions entered into 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.
5. Thus the Approval of Audit, Board and shareholders shall not be required in the such cases where Material Related Party Transactions which are on arm's length and in the ordinary course of business:

Explanation (i.): For the purpose of Regulation 23(5), "Government Company" shall have the same meaning as defined in Section 2(45) of the Companies act, 2013.

DISCLOSURES

- The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- All disclosures pertaining to Related Party Transactions required under the Companies Act and Listing Regulations shall be made accordingly.

POLICY ON MATERIALITY OF 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 annual consolidated turnover of the company as per the last audited financial statements of the Company.