HOTELS & PUBS LIMITED

PECOS HOTELS AND PUBS LIMITED

Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

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PECOS HOTELS AND PUBS LIMITED BANGALORE

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

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

1. SCOPE AND PURPOSE OF THE POLICY

This policy on Related Party Transactions (hereinafter referred to as "**RPT Policy**" or "**Policy**") of Pecos Hotels And Pubs Limited ("**the Company**") is framed considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("**the Act**") read with the Rules framed there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("**SEBI Listing Regulations**")

Also, Regulation 23(1) of the SEBI Listing Regulations requires the Company to formulate a policy on materiality of Related Party Transactions ("**RPTs**") and on dealing with related party transactions. Regulation 23(2) of the SEBI LODR also requires defining material modifications of RPTs and disclose it as part of the RPT policy.

In the light of the above, the Company has framed this Policy on RPTs. This Policy has been adopted by the Board of Directors of the Company ("**Board**") based on the recommendations of the Audit Committee of the Company. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to adoption by the Board. In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in three years.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the basis of identifying related parties of the Company as well as related party transactions, (b) the materiality thresholds for related party transactions and (c) the manner of entering into transactions between the Company and its related parties based on the Act read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

3.1 "Act" means the Companies Act, 2013 as amended from time to time;

3.2 "Audit Committee" shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations.

3.3 "Applicable Law(s)" includes (a) the Act and the rules made thereunder; (b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, any other statute, law, standards, regulations or other governmental instruction relating to RPTs and amendments made thereto.

3.4 "Board of Directors" or "Board" means the collective body of the Directors of the Company, as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.

3.5 "SEBI Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

3.6 "Regulation 23" means the Regulation 23 of the SEBI Listing Regulations.

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3.7 "Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest;

3.8 "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 its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

3.9 "Company" means Pecos Hotels And Pubs Limited;

3.10 "Relative" with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder;

3.11 "Related Party" shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

3.12 "Related Party Transaction" have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:

a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
b. 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 Company 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, including but not limited to the following –

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 agent for purchase or sale of goods, materials, services or property;
f. appointment to any office or place of profit in the Company, its subsidiary or associate company
g. underwriting the subscription of any securities or derivatives thereof, of the Company.

Provided that the following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

(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) corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such a: i) payment of dividend, ii) subdivision or consolidation of securities by the Company, iii) issuance of securities by way of a rights issue or a bonus issue and iv) buy-back of securities

(c) retail purchases from the Company or any of its subsidiaries by the directors or key managerial personnel of the Company or its subsidiaries, and relatives of such directors or key managerial

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personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

3.13 "Material Related Party Transaction" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company or such sum or limit as may be prescribed under the SEBI Listing Regulations as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.14 "Key Managerial Personnel" or **"KMP"** shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Act, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.

3.15 "**Industry Standards**" shall mean the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated June 26, 2025, as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction ("RPT") exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the related parties ("RPs") of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

The Company has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party –10% of the annual consolidated turnover of the Company as per its last audited consolidated financial statements or such sum or limit as may be prescribed under the SEBI Listing Regulations.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

5.1 <u>Identification of Related Parties</u>

a. The Company shall identify the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1) (zb) of the SEBI Listing Regulations.

5.2 The Company shall obtain the list of related parties of its Subsidiary companies as per the definition provided in the Act and SEBI LODR.

6.1 Identification of Related Party Transactions

The Company shall identify the related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations.

Once the related party transactions are identified, the Management shall subsequently categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

a. Material Related Party Transactions
b. Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
c. Residual Related Party Transactions.
d. Any other RPT identified during the periodic review not covered under any specific broad category shall be independently reviewed, approved and included for confirmation as a part of Related Party Policy mechanism.

6.2 PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

6.2.1 Approval of the Audit Committee

A. Prior approval of the Audit Committee shall be required for:

1. All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
2. RPTs of subsidiary companies, where the Company is not a party to the transaction and the value of such RPT exceeds ₹1 crore, whether entered into individually or taken together with previous transactions during a financial year, provided that prior approval of the Audit Committee of the Company shall be required if the value of such transaction exceeds the lower of the following:

   (i) 10% of the annual standalone turnover of the subsidiary, as per its last audited financial statements; or

   (ii) the threshold for material RPTs of the Company, as specified in Schedule XII of the SEBI Listing Regulations.

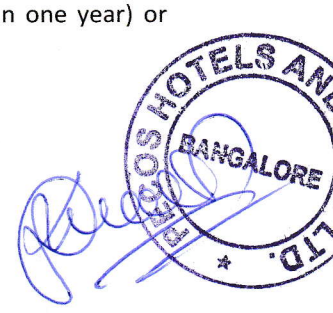
   Provided further that, where a subsidiary of the Company does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee of the Company shall be required if the value of such RPTs exceeds the lower of the following:

   (i) 10% of the aggregate value of the paid-up share capital and securities premium account of the subsidiary; or

   (ii) the threshold for material Related Party Transactions of the Company, as specified in Schedule XII of the SEBI Listing Regulations.

   Provided also that, the aggregate value of the paid-up share capital and securities premium account of the subsidiary shall be considered as on a date not earlier than three months prior to the date of seeking approval of the Audit Committee of the Company.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.



Prior approval of the Audit Committee shall not be required for:

i. Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
iii. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
iv. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
v. remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the SEBI Listing Regulations.

Members of the Audit Committee, who are independent directors, shall only approve Related Party Transactions.

The Audit Committee, at the time of approving the Related Party Transactions (RPTs), shall take into consideration a certificate placed before it by the Chief Executive Officer (CEO), Managing Director, Whole-Time Director, Manager, and Chief Financial Officer (CFO) of the Company, confirming that the terms of the proposed RPT(s) are in the interest of the Company. This certificate shall be placed before the Committee in terms of the Industry Standards.

However, the Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to compliances with the conditions prescribed in paras 1 to 9 below.

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:
   i the name(s) of the related party, nature of transaction, period of transaction, maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
   ii The maximum value per transaction which can be allowed;
   iii the indicative base price / current contracted price and the formula for variation in the price if any; and
   iv extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
   v review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
   vi Transactions which cannot be subject to the omnibus approval by the Audit Committee.

2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
   i repetitiveness of the transactions (in past or in future);
   ii justification for the need of omnibus approval.



3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

4. The omnibus approval shall provide details of (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards as may be applicable and (iv) such other conditions as the Audit Committee may deem fit. Provided that where the need for Related Party Transactions 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 (One) crore per transaction.

5. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company or its subsidiary pursuant to the omnibus approval given;

6. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.

7. Any other conditions as the Audit Committee may deem fit.

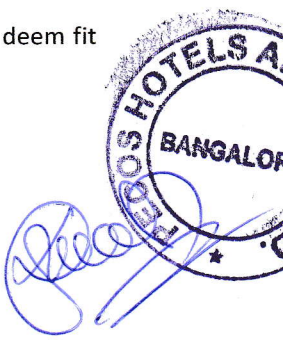
B. Pursuant to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 60% of the annual consolidated turnover of the Company as per its last audited financial statements, subject to the transaction(s) exceeding the materiality threshold which require shareholder approval will not be considered for this limit.

b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Policy. If the value per transaction, through omnibus route, exceed the materiality threshold as defined in the Policy, the same shall be subject to approval of shareholders of the Company.

c. While assessing a proposal put up before the Audit Committee / Board for approval, 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:

   i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
   ii. the indicative base price / current contracted price and the formula for variation in the price, if any;
   iii. Minimum Information to be placed before the Audit Committee as required under the Industry Standards
   iv. such other information/documents/confirmations as the Audit Committee may deem fit from time to time.



d. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business;
2. Transactions which are not repetitive in nature;
3. Transactions exceeding materiality thresholds as laid down in the Policy
4. Transactions in respect of selling or disposing of the undertaking of the company
5. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
6. Transactions for sale/ purchase of assets, which are not recurring in the ordinary course of business (for clarity, transactions such as joint procurement exercises undertaken for achieving better pricing terms may be approved under the omnibus criteria);
7. Any other transaction as the Audit Committee may deem not fit for omnibus approval

C. Audit Committee has defined "**material modifications**" as under:

Material Modifications of Related Party Transaction in relation to the Company means and includes any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

6.2.2 Approval of the Board of Directors of the Company

1. 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 not at arm's length basis, are placed before the Board for its approval.

2. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

a) 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;
b) 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;
c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.
e) Material RPTs and subsequent material modifications to such transactions, which are intended to be placed before the shareholders for approval.

3. Where any director is interested in any contract or arrangement with a related party, such director shall not participate during discussions and vote on the subject matter of the resolution related to such contract or arrangement.



6.2.3 Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which
(a) are not at Arm's Length or not in the ordinary course of business; and
(b) exceed the thresholds laid down in Rule 15(3) Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for their approval.

However, the requirement of seeking shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
iii. Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
iv. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
v. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. DISCLOSURES

- The 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 not at arm's length basis along with the justification for entering into such transaction.
- The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Act as well as any additional information specified by other statutes, SEBI from time to time as may be applicable, for review of the Audit Committee while seeking prior approval of the RPTs.
- The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Act as well as any additional information specified by other statutes, SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.



8. RATIFICATION OF RELATED PARTY TRANSACTIONS

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the SEBI Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

9. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

The provisions of **SEBI Listing Regulations** (as amended from time to time) and any clarification issued by SEBI & Stock Exchange(s), shall automatically apply and be part of this Policy.

This Policy is last amended *with the approval of Board of Directors on* ***November 11, 2026.***

10. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Chief Financial Officer of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

11. LIMITATION AND AMENDMENT

In case of any inconsistency between this Policy and applicable law, the provisions of applicable law shall prevail. Any amendment to the Act, Listing Regulations or SEBI Circulars shall automatically apply to this Policy.

