

RELATED PARTY TRANSACTION POLICY



1. Preamble

Jindal Hotels Limited has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions (RPTs). Endeavour is consistently made to have only arm's length transactions with all parties including Related Parties. The Board of Directors of the Company has adopted the following policy regarding materiality of related party transactions and also on dealings with Related Parties in terms of Clause 49(VII)(C) of the Listing Agreement with Stock Exchanges and Section 188 of the Companies Act, 2013.

The Audit Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations, including any modifications/ amendments from time to time, applicable on the Company.

2. Purpose

This policy is framed as per requirement of Clause 49 (VII) of the Listing Agreement entered by the Company with the Bombay Stock Exchange and 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 and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.



3. Definitions

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

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in Clause 49 (VII)A of the Listing Agreement which is as follows:

A ‘related party’ is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person’s family is related to a company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:

- (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 is a member or director ;

- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;

- (v) 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 ;
- (vi) any person under 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 ;
- (vii) any company which is –
 (A) a holding, subsidiary or an associate company of such company ; or
 (B) a subsidiary of a holding company to which it is also a subsidiary ;

- (viii) (a) Director or key managerial personnel of the holding company or his relative with reference to a company; or
 (b) has control or joint control or significant influence over the company; or
 (c) is a key management personnel of the company or of a parent of the company; or

2. An entity is related to a company if any of the following conditions applies:

- a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
- b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. 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); or
- d. Both entities are joint ventures of the same third party; or

A party will also be considered related to the Company if such entity is a related party under the applicable accounting standards.

“Related Party Transaction” 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.

“Relative” means relative as defined under the 2(77) Companies Act, 2013 and includes any one who is related to another.

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

❖ 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.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

❖ Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee.

Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

❖ Review and Approval of Related Party Transactions

Related Party Transactions 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.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to

the Company and to the Related Party, and any other relevant matters. 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:

- ✓ Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ✓ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- ✓ Whether the Related Party Transaction would affect the independence of an independent director;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ✓ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

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 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel 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.

ii. 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.

5. Registers & Disclosures

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.

The Company shall maintain such register at the Registered Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

The register shall be preserved permanently and shall be kept in the custody of the Company Secretary /Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

Exemptions

Nothing contained in this policy shall apply to any contract or arrangement—

- (i) in the ordinary course of its business; or
- (ii) at arms' length price.

6. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party 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 shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

Signed /-

Managing Director
26th May, 2015

Effective Date
1stApril 2014

ADDITIONS/ AMENDMENTS PURSUANT TO SEBI (LODR), 2015

JINDAL HOTELS LIMITED RELATED PARTY TRANSACTIONS - POLICY& PROCEDURES

PREAMBLE

Jindal Hotels Limited has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions (RPTs). Endeavour is consistently made to have only arm's length transactions with all parties including Related Parties. The Board of Directors of the Company has adopted the following policy regarding materiality of related party transactions and also on dealings with Related Parties in terms of **Regulation 23** of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **and Section 188 of the Companies Act, 2013.**

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company

OBJECTIVE

- This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.
- Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.
- This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons.
- The Audit Committee of Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.
- The Board of Directors reserves the power to review and amend this policy from time to time

Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated there under and **Regulation 23** of Securities Exchange Board of India (LODR) Regulations, 2015 and must be approved in the manner as may be decided by the Board of Directors.

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.

"Related Party" , with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

“Related Party transactions” - transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

As per Section 188 of the Act:

- (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) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

As per Regulation 23 :

- (h) Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

As per Accounting Standards 18:

- (i) transfer of research and development
- (ii) license agreements
- (iii) finance (including loans and equity contributions in cash or kind).
- (iv) Guarantees and collaterals
- (v) Management contracts including for deputation of employees.

“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 in the following manner, namely:-

- 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) Sister including step sister

MATERIALITY: The materiality of any RPT will be ascertained as per the thresholds prescribed under the LODR.

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

POLICY

- a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All RPTs shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the LODR.
- c) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore.
- d) Any RPT which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis shall be effected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.
- e) All RPT specified in the Act which are not Ordinary Course of Business of the Company or not at Arm's Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval. Notwithstanding, the RPTs which cross the Materiality thresholds as defined herein shall be entered by the Company only with prior approval of shareholders of the Company, as per applicable provisions of the LODR, as may be amended from time to time.
- f) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.
- g) **Exclusions:** The following shall not be deemed as a RPT :
- i) Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;
- ii) Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than key managerial personnel (or comparable position), provided that each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company's average net profit for the preceding three financial years;
- iii) 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.

MATERIALITY THRESHOLDS

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.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of related parties

JINDAL HOTELS LIMITED has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under Regulation 23 of Securities Exchange Board of India (LODR) Regulations, 2015

b) Identification of related party transactions

JINDAL HOTELS LIMITED has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 23 of Securities Exchange Board of India (LODR) Regulations, 2015. JHL has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

DISCLOSURES

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

ii. 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.

LIMITATION AND AMENDMENTS IN LAW

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment/modification in the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and /or other applicable laws in this regard shall automatically apply to this policy.

Signed

Managing Director
19th January, 2016

Effective Date
1st December 2015