

## RELATED PARTY TRANSACTION POLICY



### 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 amendments 2018]** and **Section 188 of the Companies Act, 2013**.

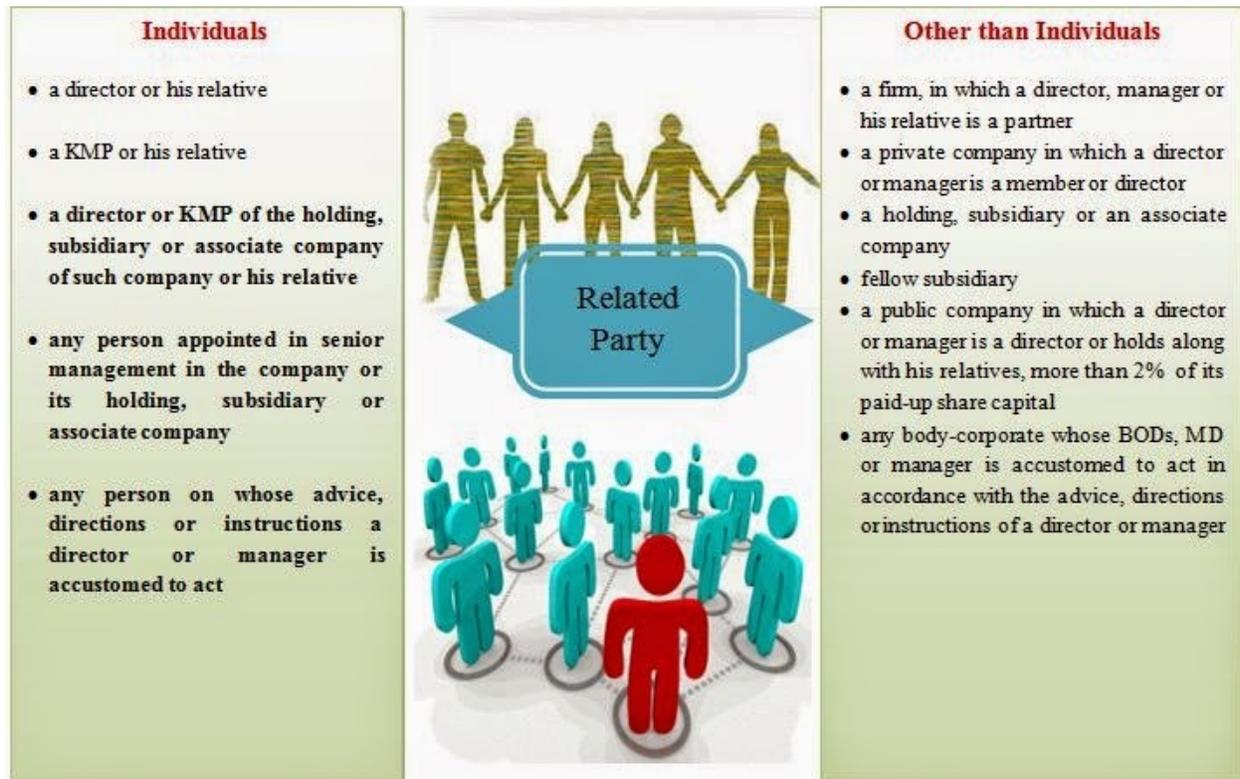
This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company. Further pursuant to 2018 amendment every Company shall formulate a policy on materiality of related party transactions & on dealing with related party transactions including clear threshold limits duly approved by board of directors and such policy shall be reviewed by the Board of directors at least once in three years and update accordingly.

### 2. 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 [& amendments] and must be approved in the manner as may be decided by the Board of Directors.



### 3. 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 and amendments.

“**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.

### **Indian Accounting Standard (Ind AS) 24 :Related Party Disclosures**

#### Objective

The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

#### Scope

This Standard shall be applied in: (a) identifying related party relationships and transactions; (b) identifying outstanding balances, including commitments, between an entity and its related parties; (c) identifying the circumstances in which disclosure of the items in (a) and (b) is required; and (d) determining the disclosures to be made about those items.

Related party disclosure requirements as laid down in this Standard do not apply in circumstances where providing such disclosures would conflict with the reporting entity's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority.

**"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.

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#### 4. 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.

##### ❖ 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.

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.

Further a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transactions to be entered into individually or taken with previous transactions during a financial year, exceed 2% of the annual consolidated turnover of the Company as per the last audited financial statements.

## **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 in this policy shall apply to any contract or arrangement—  
(i) in the ordinary course of its business; or  
(ii) at arms' length price.

### **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 no Related Party shall vote to approve on such resolutions.

### **DISCLOSURES**

i. Details of all material transactions with Related Parties shall be disclosed to stock exchange quarterly / annually along with the compliance report on corporate governance as may be required.

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.

iii. The Company shall submit within 30 days from the date of publication of its standalone 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 exchange and publish the same on its website.

iv. Further, listed entities will now have to include disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter groups which hold(s) 10 per cent or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results in its annual report.

### **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.

#### **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 [ & amendments ]and /or other applicable laws in this regard shall automatically apply to this policy.

Signed

Piyush Shah  
Managing Director  
11<sup>th</sup> February , 2020[ Revised]