

LORDS ISHWAR HOTELS LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS
(Effective from 1st October, 2014)

(Amended in Board Meeting held on 13th February, 2016)

1. SCOPE AND APPLICABILITY:

This policy is called “LORDS ISHWAR HOTELS LIMITED – POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS” (‘RPT Policy’).

Lords Ishwar Hotels Limited (“the Company”) enters into transactions with Related Parties to carry on its day to day business. This RPT Policy shall apply while dealing with such Related Parties.

2. OBJECTIVE:

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides, among other things, that the Company shall formulate a policy on dealing with Related Party Transactions.

This policy intends to comply with the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to ensure proper approval and reporting of dealings with Related Parties and shall also be governed by the Companies Act, 2013 read with Rules made there under, as may be amended from time to time.

The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations, as may be amended from time to time.

3. MEANING OF TERMS USED:

- a. **“Act”** means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.
- b. **“Arms’ 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.
- c. **“Audit Committee”** shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. **“Board”** refers to Board of Directors of Lords Ishwar Hotels Limited.
- e. **“Company” or “LIHL”** refers to Lords Ishwar Hotels Limited pursuant to this policy, having its Registered Office at Hotel Revival, Near Sayaji Garden, Kala Ghoda Chowk, University Road, Baroda, Gujarat- 390002.
- f. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as may be amended from time to time.
- g. **“Material transaction”** means a transaction with a related party where any transaction 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.

- h. **“Related Party”** shall have the meaning ascribed to it in Regulation 2 (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act, including all amendments and modifications thereof from time to time.
- i. **“Related Party Transaction”** shall have the same meaning as defined in Regulation 2 (zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including all amendments and modifications thereof from time to time.
- j. **“Rules”** means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications or amendments thereof).

Words, terms and expressions used and not defined in these rules or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 but defined in the Act shall have the same meaning respectively assigned to them in the Act.

4. POLICIES AND PROCEDURES:

All transactions with Related Parties shall be in the ordinary course of business and at arm’s length and shall be subject to the prior approval of the Audit Committee. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm’s length, then:

- a. All such transactions will require prior approval of the Audit Committee;
- b. Will require prior approval of the Board; and
- c. Will require prior approval of the shareholders of the Company by special resolution if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules.

Further, any material transaction proposed to be entered into with a related party shall also be approved by the Board of Directors of the Company after they have been approved by the Audit Committee.

In compliance with Listing Agreement, approval of the shareholders through special resolution shall be taken for all such material transactions with Related Party(s) and such Related Party(s) being a member of the Company, irrespective of whether the entity is a party to a particular transaction or not, shall abstain from voting on such resolutions. Approval of the shareholders shall not be required for any transactions to be entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4.1 Identification of Related Parties and Related Party Transactions

Before the start of each financial year, the Company shall draw up a list of ‘related parties’ in accordance with the definition given in Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard from the Directors and Key Managerial Personnel. For this purpose, the Company shall devise an appropriate procedural mechanism.

The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will, in fact, constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

4.2 Approval of Related Party Transactions

As mentioned above, all the Transactions proposed to be entered into with Related Parties shall require prior approval of the Audit Committee. In the case of the transactions which are repetitive in nature, a list of all proposed Transactions with the Related Party, shall be placed before the meeting of the Audit Committee before the beginning of each financial year; Provided that where the need for Related Party Transaction cannot be foreseen and the required details are not available, the Audit Committee may grant omnibus approval for such Transactions subject to their value not exceeding Rs.1 crore per transaction.

Following details should be provided to the Audit Committee and the Board where approvals for entering into Transactions with Related Party(s) are sought:

- (a) The name of the Related Party and nature of relationship;
- (b) The nature, duration of the contract and particulars of the contract or arrangement;
- (c) The material terms of the contract or arrangement including the value, if any;
- (d) Any advance paid or received for the contract or arrangement, if any;
- (e) The manner of determining the pricing and other commercial terms both included as part of contract and not considered as part of the contract;
- (f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) Any other information relevant or important to take a decision on the proposed transaction.

The Audit Committee may call for such additional information as may be required for granting approval to such Transactions. In respect of Transactions which are repetitive in nature, the Audit Committee may, after satisfying itself as to the need for granting such approval, provide an omnibus approval for each transaction with Related Party within which the transactions with the Related Parties should be executed during the year. Such 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.

4.3 Review of Related Party Transactions:

The Management shall lay down an appropriate framework including the pricing mechanism to ensure arm's length pricing for dealing with the Related Party(s). The Management shall institute appropriate administrative mechanism to ensure that all Related Party Transactions are in compliance and reviewed in accordance with these policies and procedures including maintenance of proper records in this regard.

All the transactions with Related Parties shall be referred to the Audit Committee for review at its scheduled quarterly meetings or as may be called upon by the Audit Committee from time to time along with all relevant information of such transaction(s).

The Audit Committee may refer any of the Related Party Transactions brought before it or it being mandatory under any law, for approval of the Board. The Board may on its own accord also decide to review any Related Party Transaction. The above mentioned procedure as set out in clauses 4.1 to 4.3 of this Policy shall be followed by Board for considering and granting approval to Related Party Transactions.

The Audit Committee shall periodically review this RPT policy and may recommend amendments, from time to time as it may deem appropriate, to the Board.

The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.

5. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS RPT POLICY:

In the event any Transaction has been undertaken/ is being undertaken with a Related Party without obtaining requisite approval under this RPT policy, such transactions should be immediately reported to the Company Secretary. Such Transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including Ratification, Termination or Revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this RPT policy and recommend to Board for its approval.