

LUX INDUSTRIES LIMITED

Related Party Policy

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# LUX INDUSTRIES LIMITED

## POLICY ON DEALING WITH RELATED PARTY TRANSACTION

### Legislative background

As from 1st October, 2014, clause 49 of the Listing Agreement requires that every listed company shall formulate a policy on dealing with related party transactions. The Board has approved policy on dealing with Related Party Transaction on 29.05.2014. However pursuant to changes in definition of related parties and other changes on the compliance and disclosures directed in SEBI(LODR)(Amendment) Regulations, 2018 and in Companies Amendment Act, 2017, the Policy was amended by the Board of Directors of the Company at its meeting held on February 12, 2019.

### Definitions

“**Company**” means Lux Industries Limited

“**Act**” means the Companies Act, 2013

“**Regulation 23**” means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

“**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

“**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. 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.

“**Policy on materiality of related party transactions**” means the policy adopted by the Board of Directors from time to time.

“**Audit Committee (Committee)**” means Committee of Board of Directors of the Company constituted under provisions of the Listing agreement as well as the Companies Act, 2013

“**Board**” means Board of Directors of the Company

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013

“**Material Related Party Transaction under Companies Act 2013**” means a transaction as defined under section 188(1) of the Companies Act, 2013 with a related party defined under section 2(76) of the said Act where the aggregate value of the transaction / transactions to be entered into individually or



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taken together with previous transactions during a financial year, exceeds the limits as prescribed under the said Act from time to time.

**“Material Related Party Transaction under Listing Regulations”** means a transaction covered under Regulation 23 of SEBI (LODR) Regulations as amended from time to time with a related party as defined hereunder and value of such 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 last audited financial statements of the company. Further, transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

### **“Related Party”**

A ‘related party’ is an entity shall be considered as related to the company if:

(i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under the applicable Indian Accounting Standards." (iii) Further any person or entity belonging to the promoter or promoter group of Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

**“Related Party Transaction”** is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and all such transactions covered under SEBI(LODR) Regulations, 2015 (as amended from time to time) and Companies Act, 2013 (as amended from time to time).

*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.*

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

### **Compliance with SEBI(LODR) Regulations, 2015 and Companies Act, 2013**

The Company shall ensure compliance with the relevant provisions of the SEBI(LODR) Regulations, 2015(as amended from time to time) and Companies Act, 2013 (as amended from time to time) governing related party transactions, in the following manner:

- a) Generally, all related party transaction shall be in ordinary course of business and at arms length basis.
- b) Related party transactions with Promoters, Directors and KMPs shall be placed before the Audit Committee for prior approval (not applicable if omnibus approval has granted) and thereafter before the Board and shareholders, if required.
- c) Related party transactions with the subsidiaries / associates shall be dealt with in accordance with the transfer pricing policy approved by the Audit Committee. Recurring and regular business transactions which are carried in accordance with the TP policy and for which omnibus approval of Audit Committee has already been sought will not require prior approval of the Audit Committee for each transaction entered pursuant to the same. shall not require specific approval of the audit committee.

