

RELATED PARTY TRANSACTION POLICY OF LS INDUSTRIES LIMITED
(As amended on 13th February, 2020)

1		Objective
		LS Industries Limited has adopted this Policy on Related Party Transactions in line with provisions of Section 188 of Companies Act 2013, rules madethereunder and in compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure the compliances with applicable Laws and Regulations.
2		Applicability
		This policy is applicable to the Company with effect from 01st October 2014 and shall be amended as and when required to adopt the changes in applicable laws
3		Definitions
	i	“Act” means the Companies Act, 2013 including any modifications, amendments, clarifications, circulars or re-enactment thereof.
	ii	“Audit Committee” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.
	iii	“Arm’s length transaction” as defined under provisions of Section 188 of the Companies Act, 2013 & rules made thereunder, including any amendment or modification thereof means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
	iv	“Associate Company” means a company as defined under section 2(6) of the Companies Act, 2013 & rules made thereunder, including any amendment or modification thereof, which means any other company, in which the Company has a significant influence, but which is not a Subsidiary company of the Company having such influence and includes a joint venture company. Explanation:- For the purposes of this clause, “significant influence” means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.
	v	“Board” means Board of Directors of LS Industries Limited.

vi	“Company” means LS Industries Limited.
vii	“Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, amendments, clarifications, circulars or re-enactment thereof.
viii	“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended time to time. It includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
ix	“Financial Year” shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
x	“Policy” means this Related Party Transaction Policy of the Company.
xi	“Key Managerial Personnel” mean key managerial personnel as defined under the Companies Act, 2013 & rules made thereunder, including any amendment or modification thereof, and includes: <ul style="list-style-type: none"> i. Managing Director, or Chief Executive Officer or manager and in their absence, a whole time director; ii. Company Secretary iii. Chief Financial Officer and iv. Such other officer as may be prescribed.
xii	“Material Related party Transactions” as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment or modification thereof, means a transaction with a Related Party where 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. The transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity
xiii	“Ordinary course of business” (<i>although not a defined term in the Act</i>) 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.
xiv	“Related Party Transaction” as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 t, including any amendment or modification thereof, means a 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.

	<p><u>Explanation</u>:- A transaction with a related party shall be construed to include single transaction or a group of transaction in a contract.</p> <p>Although “Related Party Transaction” as per provisions of Section 188 of Companies Act, rules made thereunder, including any amendment or modification thereof, mean any contract or arrangement with a related party, with respect to:</p> <ul style="list-style-type: none"> (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
<p>xv</p>	<p>“Related Party” as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , including any amendment or modification thereof, means an entity shall be considered as related to the Company if:</p> <ul style="list-style-type: none"> 1. Such entity is a related party under Section 2(76) of the Companies Act, 2013 ; or 2. Such entity is a related party under applicable accounting Standards. <p>Although the term “Related Party” under Section 2(76) of the Companies Act 2013 & rules made thereunder, including any amendment or modification thereof, with reference to a Company means:</p> <ul style="list-style-type: none"> (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 and holds along with his relatives, more than two per cent of its paid-up share capital ; (vi) 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 ; (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act : <p>Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity ;</p> <ul style="list-style-type: none"> (viii) any body corporate which is – <ul style="list-style-type: none"> (A) a holding, subsidiary or an associate company of such company ; (B) a subsidiary of a holding company to which it is also a subsidiary ;or

		<p>(C) an investing company or the venture of the company;";</p> <p>Explanation.—For the purpose of this clause, “the investing company or the venture of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]</p> <p>(ix) such other person <u>as may be prescribed</u></p> <p>A director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.</p>
	xvi	<p>“Relative” means relative as defined under section 2(77) of Companies Act 2013 and rules made thereunder, including any amendment or modification thereof, which includes anyone who is related to another if:-</p> <p>i. They are members of a Hindu undivided family ;</p> <p>ii. They are husband and wife; or</p> <p>iii. Father (including step-father)</p> <p>iv. Mother (including step-mother)</p> <p>v. Son (including step-son)</p> <p>vi. Son’s wife</p> <p>vii. Daughter</p> <p>viii. Daughter’s husband</p> <p>ix. Brother (including step-brother)</p> <p>x. Sister (including step-sister)</p>
	xvii	<p>Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , Securities Contract Regulation Act or any other applicable law or regulation.</p>
4		<p>Identification of Potential Related Party Transactions</p>
		<p>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.</p> <p>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.</p>
5		<p>Procedure for review and approval of Related Party Transactions</p>
	5A	<p>Approval of Audit Committee</p> <p>Every Related Party Transaction entered in to with effect from 01st October 2014 shall be subject to approval of Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:</p>

	<p>a.)The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;</p> <p>b.)The Audit Committee satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;</p> <p>c.) Such omnibus approval shall specify the following:</p> <ul style="list-style-type: none"> • Name(s) of the Related Party; Nature of transaction; • Period of transaction; • Maximum amount of transaction that shall be entered into; • The indicative base price / current contracted price and the formula for variation in the price, if any, and; • Such other conditions as the Audit Committee may deem fit. <p>Provide that where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1.00 crore per transaction;</p> <p>d.) The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;</p> <p>e.) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.</p>
<p>5B</p>	<p>Approval of Board of Directors and Shareholders of Company</p> <p>The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval. The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or transactions referred to it by the Audit Committee.</p> <p>Further, all material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not :</p> <p>(Provided that the requirements specified above shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved)</p> <p>The Company shall submit within 30 days from the date of publication of its standalone and consolidated 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 exchanges and publish the same on its website</p> <p>All Related Party Transactions (other than Material Related Party Transactions) pursuant to section 188 of the Companies Act, 2013:</p>

	<ul style="list-style-type: none"> • which are not in the ordinary course of business; • and cross the threshold limits prescribed under Companies Act, 2013 & rules made thereunder, as amended time to time, <p>shall also require the approval of shareholders of the Company through special resolution and all entities falling under the definition of Related party/Related parties shall abstain from voting on such resolution(s) irrespective of whether the entity is a party to the particular transaction or not.</p> <p>Although as per the first proviso to sub-section (1) of <u>section 188</u>, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into ::</p> <p>(i) Sale, purchase or supply of any goods or materials, directly or through appointment of agents, amounting to 10% or more of the turnover of the company ;</p> <p>(ii) Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents, amounting to 10% or more of the net worth of the company ;</p> <p>(iii) Leasing of property of any kind amounting to 10% or more of the turnover of the company;</p> <p>(iv) Availing or rendering of any services directly or through appointment of agents amounting to 10% or more of the turnover of the company ;</p> <p>Explanation.- It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.</p> <p>(v) Appointment to any office or place of profit in the company, its subsidiary company or associate company at monthly remuneration exceeding Rs. 2.5 Lakh;</p> <p>(vi) Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth of the company.</p> <p><i>(b) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding financial year.</i></p> <p>Further, as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , as amended time to time, the shareholders approval is not required in the transactions which are entered into between a holding company and its wholly owned subsidiary, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval</p> <p>The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or Companies Act, 2013 and as amended from time to time.</p>
5C	<p>Guiding Principles for approval of Related Party Transaction(s) by the Board/ Audit Committee thereof</p>

	<p>To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant informations pertaining to the Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether to approve a Related Party Transaction, the Board/ Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:</p> <p>The Related Party's interest in the Related Party Transaction and approximate amount involved in the Related Party Transaction;</p> <p>The purpose of, and the potential benefits to the Company from the Related Party Transaction;</p> <p>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;</p> <p>Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;</p> <p>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;</p> <p>Whether the Related Party Transaction would affect the independence of an otherwise Independent Director;</p> <p>Whether the Related Party Transaction would present an improper conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director,, KMP or other Related Party, the direct or indirect nature of the Director, KMP or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.</p> <p>Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable in light of the circumstances of the particular transaction.</p> <p>The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/ ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.</p>
6	RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY
	In the event the Company/Committee becomes aware of a transaction with a related party that has not been approved in accordance with this Policy or that should be

	<p>brought before the Board, then the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and shall take appropriate actions, as it deems fit.</p> <p>In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or cancellation of the transaction. In connection with any review of a Related Party Transaction, the Board/ Audit Committee has authority to modify or waive any procedural requirements of this Policy.</p>
7	Disclosure & Reporting
	The Company shall make appropriate disclosures/reporting, as applicable, to Stock Exchanges, in its Annual Report and to shareholders etc. regarding Related Party Transactions.
8	Amendments
	The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, at any time consistent with requirements of applicable laws, rules and regulations.

Foot Notes:-

1. Originally applicable w.e.f. 01st October, 2014
2. 01st Amendment on 13th February, 2020