

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.

Definitions

Company means Lux Industries Limited

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 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 Agreement” means a transaction covered under clause 49 of the Listing Agreement 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 accounting standards."

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.

LUX INDUSTRIES LIMITED

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

Compliance with Listing Agreement and Companies Act, 2013

The Company shall ensure compliance with the relevant provisions of the Listing Agreement and Companies Act, 2013 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 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 shall not require specific approval of the audit committee.
- d) Material related party transactions as defined in policy on material related party transactions drawn in accordance with the listing agreement shall be approved by the shareholders through special resolution.
- e) following Related Party Transactions shall not require approval of Audit Committee or Shareholders

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.

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. A statement of all related party transactions during a quarter under various categories shall be placed before the audit committee.

Procedure to be adopted for Related Party Transactions

APPROVAL OF AUDIT COMMITTEE

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

APPROVAL OF BOARD OF DIRECTORS

All the Related Party Transactions under section 188 of the Companies Act 2013 shall be approved by the Board of Directors of the Company, however this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

All the Material Related Party Transactions as per Listing Agreement shall be approved by the Board of Directors of the Company.

LUX INDUSTRIES LIMITED

APPROVAL OF SHAREHOLDERS

All the material related party transactions under Listing Agreement shall be approved by the Shareholders through a special resolution and all entities falling under the definition of “related parties” shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Further, any transactions not covered above but covered under the “material related party Transactions defined under section 188 of the Companies Act

Existing Related Party Transactions:

This policy shall operate prospectively and all the agreements which have been entered before the effective date of this policy and are in accordance with the then prevailing laws shall be valid and effective. However, any agreement for material transactions which has been already approved and continued to be operational beyond March 2015, procedure mentioned above will be followed.

This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company and the definition /provisions of the policy herein shall be deemed to have been amended to the extent of any alterations in laws/ statutes by virtue of an amendment.