



**POLICY ON RELATED PARTY TRANSACTIONS**  
**OF**  
**LLOYDS ENTERPRISES LIMITED**

**CIN: L27100MH1986PLC041252**

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## **Policy on Related Party Transactions**

### **1. Preamble:**

The Board of Directors (the “Board”) of Lloyds Enterprises Limited (the “Company”) have adopted the following policy and procedures with regards to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is adopted to regulate transactions between the Company and its Related Parties based on Section 188 of the Companies Act 2013 (the Act) and the Rules made thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) for dealing with related party transactions and other provisions of laws and regulations applicable to the Company.

### **2. Purpose:**

This policy is framed as per the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose every year, in the Financial Statements, certain transactions between the Company and its Related Parties as well as policies concerning transactions with Related Parties.

### **3. Definitions:**

- 1) **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.
- 2) **“Board”** means Board of Directors of the Company.
- 3) **“Key Managerial Personnel”** in relation to a company, means -
  - (i) the Chief Executive Officer or the Managing Director or the Manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (vi) such other officer as may be prescribed;
- 4) **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity forming a part of the promoter or promoter group of the listed entity or holding 20% or more (or 10% or more (w.e.f. 1 April 2023)) of shareholding in the Company either directly or on a beneficial interest basis as provided under section 89 of the

Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

5) **“Relative”** relative” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

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

7) **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

*Significant Influence: - means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.*

*Joint venture: - means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the Net assets of the arrangement.*

8) **“Related Party Transactions”** shall mean a transaction involving transfer of resources, services or obligations between

- a. The Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
- b. The Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Company or any of its subsidiaries:

Regardless of whether a price is charged and includes:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- vii. underwriting the subscription of any securities or derivatives thereof, of the Company.

Provided that the following shall not be a Related Party Transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and

- iv. buy-back of securities. For the purpose of the above, a Related Party Transaction shall include a single transaction or a group of transactions in a contract, with a Related Party.

2) **“Arm’s Length Transactions”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

3) **“Material Related Party Transaction”** means

- a. the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- b. Transaction involving payments made to a related party with respect to brand usage or royalty 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.

4) **“Material modifications to Related Party Transactions”** shall mean modification to the Related Party Transaction which substantially changes the nature / tenure of transaction as considered by the Audit Committee while approving the transaction at the first instance.

#### 4. **Identification of Potential Related Parties:**

Each Director and Key Managerial Personnel are responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The 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.

#### 5. **Review and Approval of Related Party Transactions:**

##### 5.1. **Approval by the Audit Committee**

5.1.1. The Company shall not enter into any transactions with any Related Party and/or make material modifications to such transactions without the prior approval of the Audit Committee of the Company, by way of a meeting / circular resolution. Only those members of the Audit Committee who are independent directors, shall approve Related Party Transactions.

5.1.2. All the relevant information/documents relating to the proposed Related Party Transaction(s) shall be placed before the Audit Committee, which inter-alia shall include:

- 5.1.2.1. The name of the Related Party and nature of relationship;

- 5.1.2.2. The nature, duration and particulars of the contract or arrangement; such as business purpose of the transaction, the benefit of the contract or arrangement to the Company/Related Party etc.
    - 5.1.2.3. The material terms and conditions of the contract or arrangement including the value, if any;
    - 5.1.2.4. Any advance paid or received for the contract or arrangement, if any;
    - 5.1.2.5. The manner of determining the pricing and other commercial terms, both included as part of contract and also not considered as part of the contract;
    - 5.1.2.6. 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
    - 5.1.2.7. Any other information relevant or important for the Audit Committee and/or Board of Directors to take a decision on the proposed Related Party Transaction.
  - 5.1.3. The Audit Committee may appoint an expert preferably a Chartered Accountant conversant with and having relevant experience in the area of Transfer Pricing Regulations as a Related Party Transaction Auditor (RPT Auditor) who shall peruse and review all the transactions and provide a report whether the Related Party Transactions are in the ordinary course of business and on an arms' length basis.
  - 5.1.4. Wherever necessary, the Audit Committee may, after examining all the documents and the Report of the RPT Auditor, if any, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company, subject to the following conditions:
    - 5.1.4.1. The following criteria for granting omnibus approvals are fulfilled:
      - The transactions qualify to be in the – “Ordinary Course of business” as defined above and satisfy – “Arm’s length price” condition.
      - The transactions are repetitive in nature
    - 5.1.4.2. The Audit Committee has satisfied itself the need for such omnibus approval and that such approval is in the interest of the Company.
    - 5.1.4.3. Such omnibus approval shall specify the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can 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.
    - 5.1.4.4. Where the need for Related Party Transaction cannot be foreseen and required details 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.
    - 5.1.4.5. Audit Committee shall review on a yearly basis, the details of Related Party Transactions, entered into by the Company pursuant to any omnibus approval granted.
    - 5.1.4.6. The omnibus approval granted shall be valid for a period not exceeding one financial year and shall require fresh approval every year.

- 5.1.5. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
- 5.1.6. In addition to the above, prior approval of Audit Committee of the Company shall be required for a Related Party Transaction where the subsidiary(ies) of a Company is a party but the Company is not a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten percent) of the annual consolidated turnover as per the last audited financial statements of the Company (w.e.f. April 1, 2023, 10% of the annual standalone turnover, as per the last audited financial statements of such Subsidiary).
- 5.1.7. The Audit Committee shall consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

## **5.2. Approval by the Board**

- 5.2.1. The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:
  - a. Transactions not at arm's length
  - b. Transactions not in ordinary course of business
  - c. Material Related Party transactions
- 5.2.2. The Board of Directors shall consider the information/documents pertaining to the Related Party Transactions as referred above, as placed before it and either approve or reject the same on merit.
- 5.2.3. If any director is interested in any Related Party Transaction with the Related Party, he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

## **5.3. Approval by the Shareholders**

- 5.3.1. The following Related Party Transactions, after the approval of Board, shall also be placed before the shareholders for their prior approval:
  - a. All Material Related Party transactions and subsequent material modifications thereto.
  - b. All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders.
  - c. Clause (a) and (b) shall not be applicable in case of transactions 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.

5.3.2. The Board of Directors shall, decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot in accordance with the Act and Rules thereunder.

5.3.3. If the approval of the shareholders is proposed to be sought, the Explanatory Statement to be attached to such Notice shall inter alia include the following particulars name:

- a. Name of the Related Party;
- b. Name of the director or key managerial personnel who is related, if any;
- c. Nature of relationship;
- d. Nature, material terms, monetary value and particulars of the contract or arrangement;
- e. Any other information relevant or important for the shareholders to make an informed decision.

5.3.4. In case of all the material Related Party Transactions requiring approval of the shareholders through resolution, no Related Party shall vote to approve such resolutions whether the entity is a Related party to the particular transaction or not.

#### **5.4. Ratification of Related Party Transactions in exceptional cases**

5.4.1. Any Related Party Transaction which is not under omnibus approval, entered into by the Company with a Related Party, without obtaining the consent of Audit Committee or the Board of Directors or approval of shareholders in General Meeting, may in genuine cases be ratified by the Audit Committee or the Board of Directors or the shareholders at a General Meeting, as permitted under the applicable laws, provided that such Director or any other employee who had authorised such transactions agrees to indemnify the Company against loss incurred by the Company, if any.

5.4.2. Approval for such exceptional Related Party Transactions shall be granted by the Audit Committee and/or Board of Directors, as the case may be on merit and approval of the shareholders by way of Resolution shall also be obtained, wherever required.

5.4.3. While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.

#### **6. Disclosures:**

6.1. The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

6.2. Disclosures as appropriate concerning the Related Party Transactions and/or Material Related Party Transactions shall be made in the Annual Report of the Company including its Financial Statements, on the website of the Company and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed from time to time.

**7. Amendments to the Policy:**

- 7.1. The Board of Directors may amend this Policy upon recommendations of the Audit Committee. Any or all the provisions of this Policy would be subject to revision/ amendment in accordance with the rules, regulations, notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.
  
- 7.2. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder, from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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