



DRAFT POLICY FOR TRANSACTIONS WITH RELATED PARTIES OBJECTIVES

The Board of Directors (the "Board") of Lykis Limited (the "Company" or "Lykis"), has adopted this Policy on Related Party Transactions as required in terms of Clause 49(VII) of the Listing Agreement

This Policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

The Policy on Related Party Transactions may be amended at any time and is subject to any further change in the Listing Agreement or the Companies Act, 2013 (the Act) or rules/regulations made thereunder.

Definitions

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 transaction in a contract.



“Policy” means this Policy on Related Party Transactions.

“Related Party” for the purpose of Clause 49 (VII), an entity shall be considered as related party 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” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. **“Relative”** means relative as defined under section 2(76) of the Companies Act, 2013. **“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.

Policy

All Related Party Transactions must be identified and reported to the Audit Committee and also to Directors and shareholders, wherever necessary, for their approval. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the listing agreement.

Identification of Potential Related Party transactions

Each director and Key Managerial Personnel is responsible for providing notice of disclosure of interest under section 184 of the Companies Act 2013 along with list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP or any other related party without necessary approvals.

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.

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 2013 shall be approved by the Shareholders through a special resolution and the concerned related party(ies) which are related to that transaction shall not vote on such resolution.

Factors to be considered while granting approval to Related Party Transactions

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

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;

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;

Whether the Related Party Transaction would affect the independence of an independent director;

Whether the transaction qualifies to be a transaction in ordinary course of business and at arm's length;

Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;



Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Review & monitoring of Related Party Transactions

The Audit Committee may review and monitor a Related Party Transaction taking into account the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Following transactions not to be considered as Related Party Transactions:

Notwithstanding the foregoing, the 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.

Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification by it or recommend the Board for their ratification or seeking approval of Shareholders, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related



Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

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 is to 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.