



Policy on Related Party Transaction:

1. Preface:

The policy shall be constituted as per Regulation 23 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The policy shall be called "Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions."

2. Objective:

Considering the requirements for approval of Related Party Transactions as prescribed under the Companies Act, 2013 ("Act") read with Rules framed there under and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (as amended from time to time), Lyka Labs Limited has formulated guidelines for identification of Related Parties and the proper conduct and documentation of all Related Party Transactions.

In the view of the above, the Board of Directors (the "Board") of Lyka Labs Limited have devised and adopted the following policy and procedures to regulate and govern materiality of Related Party Transactions and in general, the Related Party Transactions of the Company.

3. Definitions:

- "Act" means Companies Act, 2013.
- "Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- "Audit Committee" means a committee constituted under section 177 of the Companies Act, 2013.
- "Company" means Lyka Labs Limited.
- "Material Related Party Transaction" means includes a Related Party Transaction:
 1. which 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.
 2. Notwithstanding the above, with effect from July 01, 2019, a 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
- "Policy" means the Policy on Related Party Transactions, including amendments, if any, from time to time.
- "Related Party" means a related party as defined under the sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards. .
Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

“Related Party Transaction” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

- “Relative” means as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.
- “Transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

MATERIAL RELATED PARTY TRANSACTIONS

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

Provided that approval from shareholders will not be required for Material Related Party Transaction in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

Lyka Labs Limited has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty - 2% of the annual consolidated turnover of the Company as per last its audited financial statements.
- Other transactions with a Related Party - 10% of the annual consolidated turnover of the Company as per its last audited financial statements

4. Procedure for approval of Related Party transaction:

1) Approval of the Audit Committee:

A) All Related Party Transaction shall require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- (a) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:-
 - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. The maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval

- iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
- v. transactions which cannot be subject to the omnibus approval by the Audit Committee.

(b) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- (1) repetitiveness of the transactions (in past or in future);
- (2) justification for the need of omnibus approval.

(c) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

(d) The omnibus approval shall contain or indicate the following: -

- (i) name of the related parties;
- (ii) nature and duration of the transaction;
- (iii) maximum amount of transaction that can be entered into;
- (iv) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- (v) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.

(e) The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

(f) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

(g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

(h) Any other conditions as the Audit Committee may be prescribed

B) Board of Directors:

The Related Party Transactions requiring Board consent, as mandated by the Act, shall be placed before the Board for its approval.

Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting, or shall abstain from discussion and voting on the approval of such Related Party Transaction, and shall not be counted in determining the presence of quorum when such Transaction is considered.

C) Shareholders:

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:

Provided that the requirements specified under this sub-regulation 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.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

5. Related party transaction not previously approved:

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be promptly placed before the Audit Committee or Board of Directors or the Shareholders, as may be required in accordance with this Policy, for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

6. Disclosures:

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis.

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.

7. **Amendment in Law Any subsequent amendment/modification:**

Any subsequent amendment/modification in the s SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and/or applicable laws in this regard shall automatically apply to this Policy.

Place: Mumbai

Date: 18th May, 2019