



Lion Services Limited

**POLICY FOR DEALING WITH
RELATED PARTY
TRANSACTIONS**

I. POLICY PREAMBLE

The Board of Directors (the “Board”) of the Company understands the importance of stakeholder's confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee (the “Committee”), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

II. SCOPE AND OBJECTIVE

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under as amended from time to time, Lion Services Limited (“Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

The objective of this Policy is not only in the best interests of its stakeholders but also to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, in accordance with any other laws and regulations as may be applicable to the Company.

III. COMPLIANCE OFFICER

The Company shall, from time to time, designate an employee of sufficient seniority, competence and independence as the compliance officer to ensure compliance with the provisions of this Policy (“Compliance Officer”) and the same shall be notified to the Designated Persons. The Chief Financial Officer has been designated as the Compliance Officer. All reports, complaints, doubts or concerns in relation to matters covered by this Policy should be raised by the relevant Designated Persons to the Compliance Officer.

IV. DEFINITIONS

“Act” means the Companies Act, 2013, (‘Act’) read with the Rules thereto including any subsequent amendments thereof.

“Applicable laws” means Securities Laws, Listing Regulations and other laws and statutes applicable to the Company.

“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.

“Audit Committee” means Audit Committee of the Board of Directors of the Company.

“Board” means board of directors of the Company as constituted from time to time.

“Company” means Lion Services Limited.

“Key Managerial Personnel” or “KMP” shall have the meaning as defined in the Companies Act 2013 and as amended from time to time.

“Ordinary course of business” 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. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“Related Party” or “RP” is a party as defined in Section 2(76) of the Companies Act, 2013 read with Rules thereto and clause (zb) of Regulation 2 of the Listing Regulations.

“Related Party Transaction” or “RPT” means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations.

“Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

“Policy” means this policy, for Determining Material Related Party Transactions formulated by the Company.

“Year” means financial year.

Any other term not defined here in shall have the same meaning as defined in the Companies Act, 2013 or any other applicable law or regulation and as amended from time to time.

V. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

1. IDENTIFICATION OF RELATED PARTIES

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

2. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

The Company has formulated guidelines for the identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also determined whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

3. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

3.1. Approval of the Audit Committee

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent modification of RPTs. Chief Financial Officer will refer RPTs to the audit committee for such approval. Further, any variations against the pre-approved transactions will be placed before the Audit Committee for ratification.

The Audit Committee will take into account the following considerations while dealing with the RPTs:-

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
- Prior approval of the Audit Committee is not required for RPTs entered into between the Company and its wholly-owned subsidiary.
- Any member of the Audit Committee who has a potential interest in any related party transaction will absent himself/herself and abstain from discussion and voting on the approval of the related party transaction.

3.2. Omnibus Approval

(i) The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature, 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:

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business;
- Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
- The maximum value per transaction which can be allowed;
- extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
- 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;
- transactions which cannot be subject to the omnibus approval by the Audit Committee; and
- Any other information relevant or important to take a decision on the proposed transaction.

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

- repetitiveness of the transactions (including past period or in future);
- justification for the need of omnibus approval

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

(iv) The omnibus approval shall specify:

- (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
- (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
- (iii) such other conditions as the audit committee may deem fit:

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 1crore per transaction.

- (v) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval.
- (vi) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- (vii) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- (viii) Any other conditions as the Audit Committee may deem fit.

3.3. Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- (i) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- (ii) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- (iii) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

3.4. Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds laid down in the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

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.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- transactions 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.
- transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

VI. 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 in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the 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 failure of the internal control systems, and shall take any such action it deems appropriate.

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 seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

VII. MISCELLANEOUS

- Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Articles of Association of the Company and /or the Companies Act, 2013 or Rules made thereunder.
- In case of any doubt, ambiguity, dispute or difference arise out of the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Committee, and the decision of such Committee shall be final.

- The Board or Committee may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.
- This Policy shall come into force on the date it is approved by the Board of the Company

VIII. POLICY REVIEW AND AMENDMENTS

- Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial Officer of the Company subject to approval of Audit Committee. The Audit Committee/ Board will give suitable directions/ guidelines to implement the same.
- Company's Board will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness.
- Company reserves the right to vary and/or amend the terms of this Policy from time to time.

IX. DISCLOSURE AND REPORTING

- Details of the RPTs during the quarter shall be disclosed in the Audit Committee and Board meeting.
- The Company shall disclose to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis detail of all material transactions with related parties. In addition, as required under Regulation 23(9) of the SEBI LODR, 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 RPTs 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.
- Board's Report shall contain details of RPTs as required under applicable law
- This Policy shall be communicated to all concerned employees and other persons of the Company at all locations for implementation and reporting.
- such other places as may be required by the Act and rules framed thereunder, Equity Listing Agreement entered into with the stock exchanges (including any statutory modification(s) or reenactment thereof) and such other laws for the time being force.

X. DISCLAIMER

- The Policy does not constitute a commitment regarding the future events and transactions of Company, but only represents a general guidance regarding Related Party Transactions. The policy does not in any way restrict the right of the Board to use its discretion and the Board reserves the right to depart from the policy as and when circumstances so warrant.
- In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any

amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

- Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.