Paying the parent: related-party deals

For the teacher. Every number comes from the filing named next to it.

Part A. Made-up uniform shop

A1: he is family of the people who run the shop. A2: for example a co-owner or a lender, to know the ₹40,000 rent is what a stranger would charge. The shop is made up.

Part B. LG Electronics India

B1: "Royalty to LG Electronics Inc.", ₹1.8 of each ₹100 that came in.

Where: FY26 annual report, standalone statement of profit and loss

Part B. Hindustan Unilever

B2: "Other running costs, incl. fees to Unilever", ₹12.7. B3: the fees are about ₹3.1; the rest of the line is HUL's other running costs.

Where: FY26 annual report, consolidated statement of profit and loss

Part C. Hindustan Unilever

C1: Unilever group companies, for trademarks and technology (royalty) and central services (fees). C2: ₹1,171 crore + ₹870 crore = ₹2,041 crore.

Part C. LG Electronics India

C1: royalty paid, materials bought, finished goods bought and goods sold. C2: shareholders, by postal ballot on 31 Mar 2026, with 99.988% of valid votes in favour.

Part C. Tata Power

C1: the use of the Tata name (a brand equity contribution to Tata Sons). C2: it fell, from ₹92.6 crore in FY25 to ₹75.3 crore in FY26.

Part D. Who approves?

D1: LG Electronics India shows a shareholder vote; Tata Power says its audit committee approved its deals. D2: a related party is on both sides of the deal, so the rules bar related parties from voting in favour and leave the approval to the other shareholders.

Exit ticket

1: a deal between a company and someone closely linked to it, such as its parent. 2: audit committee approval for every deal; shareholder approval for material ones. 3: for example how the price was set, or what an outside supplier would charge. Never award marks for a view on the company or its shares.

Cityfort for Teachers · cityfort.in/teachers/who-owns-the-company/related-party-transactions · 2026–27 first edition v1.0 · CC BY-NC 4.0 · Data from Hindustan Unilever's FY26 annual report, filed with NSE on 2 Jun 2026; LG Electronics India's FY26 annual report, filed with NSE on 29 Jul 2026; LG Electronics India's FY27 limit postal ballot notice, filed with NSE on 1 Mar 2026; LG Electronics India's FY27 limit postal ballot results, filed with NSE on 2 Apr 2026; Tata Power's FY26 annual report, filed with NSE on 10 Jun 2026; Hindustan Unilever's Q2 FY27 shareholding pattern, filed with NSE on 19 Oct 2026; LG Electronics India's Q2 FY27 shareholding pattern, filed with NSE on 16 Oct 2026; and Tata Power's Q2 FY27 shareholding pattern, filed with NSE on 21 Oct 2026. · Page 1 of 3
For learning only. Cityfort is not a SEBI-registered adviser and does not recommend buying or selling any security. Prices shown are dated and may be out of date.

Notes

- Advanced task: ₹2,041 crore ÷ ₹64,468 crore × 100 = 3.2% of revenue from operations. The receipt divides by all money that came in, so it shows ₹3.1.
- HUL's amounts are for the continuing business, without the demerged ice cream business.
- HUL's page gives no approval detail for these payments, so card 1's approval line can stay blank.

The receipts

Where each ₹100 went: Hindustan Unilever, FY26

Line	Per ₹100 that came in
Materials and goods bought	₹48.6
Advertising and promotion	₹9.6
Other running costs, incl. fees to Unilever	₹12.7
Employees	₹4.9
Depreciation, interest and net one-off charges	₹3.1
Tax	₹4.8
Kept as profit for HUL shareholders	₹16.3
Total	₹100.0

Source: Hindustan Unilever's FY26 annual report, filed with NSE on 2 Jun 2026; consolidated statement of profit and loss, continuing business (Cityfort calculation: each line ÷ revenue plus other income × 100).

Where each ₹100 went: LG Electronics India, FY26

Line	Per ₹100 that came in
Materials, parts and goods bought	₹68.9
Employees	₹4.0
Royalty to LG Electronics Inc.	₹1.8
Other running costs	₹14.3
Depreciation and interest	₹1.7
Income tax	₹2.5
Kept as profit	₹6.8
Total	₹100.0

Source: LG Electronics India's FY26 annual report, filed with NSE on 29 Jul 2026; standalone statement of profit and loss (Cityfort calculation: each line ÷ revenue plus other income × 100; the royalty is shown on its own line).

Sources

1. S1: Integrated Annual Report 2025-26 (FY26), incl. standalone and consolidated financial statements, Hindustan Unilever Limited, filed with NSE, 2 Jun 2026.

For learning only. Cityfort is not a SEBI-registered adviser and does not recommend buying or selling any security. Prices shown are dated and may be out of date.

https://nsearchives.nseindia.com/annual_reports/AR_29330_HINDUNILVR_2025_2026_A_21643813_02062026215058.pdf

2. S2: Annual Report 2025-26 (FY26; audited standalone financial statements), LG Electronics India Limited, filed with NSE, 29 Jul 2026. https://nsearchives.nseindia.com/annual_reports/AR_30061_LGEINDIA_2025_2026_A_26260511_29072026220212.pdf
3. S3: Postal ballot notice: material related party transactions with LG Electronics Inc.; royalty disclosures, LG Electronics India Limited, filed with NSE, 1 Mar 2026. https://nsearchives.nseindia.com/corporate/LGEINDIA_01032026130800_Notice_of_Postal_Ballot.pdf
4. S4: Postal ballot results: both resolutions passed 31 Mar 2026, LG Electronics India Limited, filed with NSE, 2 Apr 2026. https://nsearchives.nseindia.com/corporate/LGEINDIA_02042026195637_Postal_Ballot_results_2026-signed.pdf
5. S5: Integrated Annual Report FY26 (2025-26), incl. consolidated financial statements, The Tata Power Company Limited, filed with NSE, 10 Jun 2026. https://nsearchives.nseindia.com/annual_reports/AR_29380_TATAPOWER_2025_2026_A_16197784_10062026203510.pdf
6. S6: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended up to 15 Oct 2026 (Regulation 23 and Schedule XII), SEBI, 15 Oct 2026. https://www.sebi.gov.in/legal/regulations/oct-2026/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-october-15-2026-_105365.html
7. S7: Shareholding pattern (XBRL), quarter ended Sep 2026, Hindustan Unilever Limited, filed with NSE, 19 Oct 2026. https://nsearchives.nseindia.com/corporate/xbrl/SHP_1742125_19102026102752_WEB.xml
8. S8: Shareholding pattern 30 Sep 2026, XBRL, LG Electronics India Limited, filed with NSE, 16 Oct 2026. https://nsearchives.nseindia.com/corporate/xbrl/SHP_1740146_16102026052133_WEB.xml
9. S9: Shareholding pattern Sep 2026 (XBRL), The Tata Power Company Limited, filed with NSE, 21 Oct 2026. https://nsearchives.nseindia.com/corporate/xbrl/SHP_1742704_21102026020328_WEB.xml

Credit and licence

"Who owns the company?: Lesson 3 – Paying the parent: related-party deals" by Cityfort (cityfort.in/teachers/who-owns-the-company/related-party-transactions), CC BY-NC 4.0. Data from Hindustan Unilever's FY26 annual report, filed with NSE on 2 Jun 2026; LG Electronics India's FY26 annual report, filed with NSE on 29 Jul 2026; LG Electronics India's FY27 limit postal ballot notice, filed with NSE on 1 Mar 2026; LG Electronics India's FY27 limit postal ballot results, filed with NSE on 2 Apr 2026; Tata Power's FY26 annual report, filed with NSE on 10 Jun 2026; Hindustan Unilever's Q2 FY27 shareholding pattern, filed with NSE on 19 Oct 2026; LG Electronics India's Q2 FY27 shareholding pattern, filed with NSE on 16 Oct 2026; and Tata Power's Q2 FY27 shareholding pattern, filed with NSE on 21 Oct 2026.

If you change this material, please remove the Cityfort name or mark it as modified; changed versions are not reviewed by Cityfort. Company names are trademarks of their owners; Cityfort is not affiliated with or endorsed by them.

No ads in any lesson file. Student pages carry at most one non-personalised ad. No student logins. Questions or corrections: cityfort.in/contact.

Cityfort is not affiliated with, approved by or endorsed by CBSE, NCERT, NCFE, SEBI, NSE or BSE. Board and curriculum names are used only to say which published syllabus units a lesson supports.

For learning only. Cityfort is not a SEBI-registered adviser and does not recommend buying or selling any security. Prices shown are dated and may be out of date.

Data from Hindustan Unilever's FY26 annual report, filed with NSE on 2 Jun 2026; LG Electronics India's FY26 annual report, filed with NSE on 29 Jul 2026; LG Electronics India's FY27 limit postal ballot notice, filed with NSE on 1 Mar 2026; LG Electronics India's FY27 limit postal ballot results, filed with NSE on 2 Apr 2026; Tata Power's FY26 annual report, filed with NSE on 10 Jun 2026; Hindustan Unilever's Q2 FY27 shareholding pattern, filed with NSE on 19 Oct 2026; LG Electronics India's Q2 FY27 shareholding pattern, filed with NSE on 16 Oct 2026; and Tata Power's Q2 FY27 shareholding pattern, filed with NSE on 21 Oct 2026. Checked 15 Nov 2026.