

POLICY ON RELATED PARTY TRANSACTION

1. Preamble

The Company is committed to practice maximum transparency in the conduct of Related Party Transactions in synchronization with its Corporate Governance philosophy based on the objective of continuing ethical conduct in fulfilling its responsibilities and recognizes that Related Party Transactions can present a risk of actual or apparent conflicts of interest of the Directors and Senior Management personnel with the interest of the Company.

The Board of Directors (the “Board”) of Lahoti Overseas Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI Listing Regulations”). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

This policy is prepared in accordance with the requirements laid down in the SEBI Listing Regulations.

2. Objective

This Policy has been framed as per the provisions of Companies Act, 2013, (the ‘Act’) and the Rules framed thereunder and requirements of the Regulation 23 the SEBI Listing Regulations, and is intended to ensure proper approval and reporting of the concerned transactions between the Company and its Related Parties in the best interest of the Company and the stakeholders and in compliance with the applicable laws and regulations.

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.



3. Definitions:

“Act” means the Companies Act, 2013.

“Audit Committee or Committee” means the Committee constituted by the Board of the Company from time to time in accordance with the Act and the SEBI Listing Regulations.

“Board of Directors” or “Board” means the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.

“Key Managerial Personnel” or “KMP” means Key Managerial Personnel as defined under the Section 2(51) of the Companies Act, 2013 and as amended from time to time.

“Material modification” would mean any modification to the related party transaction which shall result in an impact on the value of the transaction by 30% as compared to the approval given by the Audit Committee/Board/shareholders earlier.

“Material Related Party Transaction” means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Related Party” shall have the same meaning as defined in Section 2(76) of the Act and Regulation 2(1) (zb) of the SEBI Listing Regulations.

“Related Party Transaction” have the meaning as defined under Regulation 2(1) (zc) of the SEBI Listing Regulations, as amended, shall mean a transaction involving a transfer of resources, services or obligations between

- a. the Company or any of its subsidiaries on one hand and a related party of 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 with effect from April 1, 2023.

regardless of whether 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, including but not limited to the following –



- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. underwriting the subscription of any securities or derivatives thereof, of the Company;

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- 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. payment of dividend by the Company
- c. subdivision or consolidation of securities by the Company
- d. issuance of securities by way of a rights issue or a bonus issue and
- e. buy-back of securities.

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

The terms **Director, Chief Financial Officer, Company Secretary**, shall have the same meaning as assigned under the Companies Act, 2013.

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

4. Materiality Thresholds

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions with its related party. In an event, a Related Party Transaction, breaches the materiality threshold, prior approval of the shareholders of the Company will be required through resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to the Related Party Transactions.

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 (Related Parties can cast only negative vote to reject the shareholders resolution on material RPT).

The Company 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 – 5% of the annual consolidated turnover of the Company as per last its audited financial statements.
- Other transactions with a Related Party – lower of Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

5. Review and Approval of Related Party Transaction

As per Section 177(4) of the Act read with Regulation 23(2) of the SEBI Listing Regulations for entering into Transactions or any subsequent modification of Transactions of the Company with Related Parties shall be put up for prior approval of the Audit Committee of the Company in accordance with this Policy whether at a meeting or resolution by circulation including:

With effect from April 01, 2022, a Related Party Transaction to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a Financial Year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;

With effect from April 01, 2023, a Related Party Transaction to which the subsidiary of a Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a Financial Year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Approval of the Board/ Shareholders may be required, as detailed in this policy.

5.1 Review and Approval of Related Party Transaction

5.1.1. Details to be provided to the Audit Committee

The following details/information shall be provided to the Audit Committee for entering into Related Party Transaction(s):



- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the Related Party and its relationship with the Company or its subsidiary including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i details of the source of funds in connection with the proposed transaction;
 - ii where any financial indebtedness is incurred to make or give loans, inter- corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g) Justification as to why the RPT is in the interest of the Company;
- h) A copy of the valuation or other external party report, if any such report has been relied upon;
- i) Any other information that may be relevant

5.1.2. Consideration by the Audit Committee

After reviewing such information, the members of the Audit Committee (without the participation the Committee member(s) interested in the transaction, if any) shall approve or disapprove such transactions. Approval of such transactions shall be provided only if it is determined by the Audit Committee that such transactions are;

- a) in (or not inconsistent with) the best interests of the Company and its shareholders

b) to be entered into by the Company (or its subsidiary or associate entity) on terms that are comparable to those that would be obtained in arm's length transactions with unrelated third parties

c) is in the ordinary course of the business of the Company.

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

5.1.3. Omnibus Approval by the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. Transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- c. Such omnibus approval shall specify
 - i the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can 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 Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction.

d. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

e. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of 1 year.

5.1.4 Exemptions from Audit Committee approval

Subject to the provisions of the Act and the Listing Regulations, as amended from time to time:



i Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

ii Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.

iii transactions between the Company and its Wholly Owned Subsidiary (WOS) (if the Company is preparing consolidated accounts and placing the same before its shareholders for approval)

iv transactions between two WOS of the Company (if the Company is preparing consolidated accounts and placing the same before its shareholders for approval), shall also not require approval of the Audit Committee.

Further, following transaction(s) shall not require approval of the Audit Committee:

a. Managerial remuneration to the Managing / Whole-time Directors as recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

b. Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board.

c. Payment of Commission on Net Profits of the Company to Non-Executive Directors as approved by the Shareholders of the Company.

d. Payment of sitting fees to Directors for attending meetings of Board or Committee thereof as approved by Board of Directors of the Company.

e. Reimbursement or advances of business travel and expenses incurred or to be incurred directly by a Directors or KMP of the Company in connection with the performance of his or her duties and approved in accordance with the Company's policy.

f. Such other transactions as may be determined by the Committee or Board of Directors from time to time.

6. Approval of Board and the shareholders

As per Regulation 23(4) of the SEBI Listing Regulations, all Material Related Party Transactions and their subsequent material modifications shall require prior approval of the shareholders of the Company through an Ordinary Resolution, however, the same shall be put up to the Board for its approval for recommending the same for the approval of shareholders.

In case of transactions, which are not ordinary course of business or not at arm's length, prior approval from the Board will be required. In case these are material transactions, shareholders' prior approval will be required. No member of the Company shall vote on such Ordinary Resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a Related Party for such contract or arrangement.

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' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

i 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.

ii Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

iii Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.

iv 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.

v transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. Related party transactions not approved under this policy

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 placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting 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 action as the Committee deems appropriate under the circumstances.

8. Disclosures

a. The Company shall disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company as prescribed in Section 188(1) of the Act.

b. Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations.

c. This Policy shall be placed on the website of the Company at www.lahotioverseas.in and a web link thereto shall be provided in the Annual Report.

d. The Company shall provide disclosure of the Related Party Transactions in the format as specified by the SEBI from time to time, to the stock exchanges and upload on company's website, every six months.

9. Scope limitation

In the event of any conflict between the provisions of this Policy and of SEBI Listing Regulations or Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI Listing Regulations or Companies Act, 2013 or any other statutory enactments, rules shall prevail over this Policy.

10. Amendment to the Policy

Any subsequent modification / amendment to the provisions of the Act / Regulations shall automatically apply to this Policy.

11. Compliance Responsibility

Compliance of this Policy shall be the responsibility of the Chief Financial Officer and the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management / Directors in this regard.