



LIKHITHA INFRASTRUCTURE LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

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[Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I. INTRODUCTION

Likhitha Infrastructure Limited ("**Company**" or "**LIL**") recognizes that Related Party Transactions (*as defined hereinafter*) can present potential or actual conflicts of interest and may raise questions whether such transactions are in the best interest of the Company and its stakeholders. Therefore, this policy regarding the review and approval of Related Party Transactions (*as defined hereinafter*) and the guidelines on materiality of such Related Party Transactions (*as defined hereinafter*) has been adopted by the Company in order to transparently set forth the procedures under which certain transactions with Related Parties (*as defined hereinafter*) must be approved.

II. DEFINITIONS

"Act" means the (Indian) Companies Act, 2013, including any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent notified, and the (Indian) Companies Act, 1956 any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent applicable and in force.

"Arm's Length Transaction" means a transaction between 2 (two) related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Associate Company" means a company in which LIL has a significant influence but which is not a subsidiary company of LIL and includes a joint venture company of LIL.

"Audit Committee or Committee" means Audit Committee constituted by the Board of Directors of the Company as per Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (LODR) and the Act, from time to time.

"Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.

"Financial Year" means the period beginning April 1 of every calendar year and ending on March 31 of the succeeding calendar year.

"Holding Company" in relation to one or more other companies, means a company of which such company(s) is subsidiary companies.

"Independent Director" means an independent director referred to in Section 149(6) of the Act and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(LODR).

“LODR” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended and modified from time to time.

“Relative” shall have the same meaning as defined in section 2(77) of the Act.

“Related Party” with reference to the Company, shall have the meaning defined in section 2(76) of the Act or under applicable accounting standards.

Further, any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

“Related Party Transaction” means a transfer of resources, services or obligations between a Company 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 or a transaction as defined in Companies Act, 2013, or under LODR, as amended from time to time.

“Material Related Party Transactions” A transaction with a related party shall be considered material if the transaction(s) 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 listed entity as per the last audited financial statements of the listed entity.

However, 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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Significant Influence” means control of at least 20% (twenty percent) of the total share capital, or of business decisions under an agreement.

“Subsidiary Company” or “Subsidiary” shall have the same meaning as defined in section 2(77) of the Act.

“Transaction” in relation to a Related Party means the contract or arrangement with the Related Party and shall include, where required, any transaction thereunder with a Related Party in that Financial Year, whether entered into individually or not.

“Transactions in the ordinary course of business” means transactions which are in the ordinary course of business as per the judicial precedents in India from time to time.

Explanation- In view of the current judicial precedents, the following tests should be considered to determine if a transaction is in the ‘ordinary course of business’ of the Company:

(a) the memorandum of association of the Company should include the business activity which is in question;

(b) previous instances of the Company having carried out the activity in question; and

(c) The activity in question should be in furtherance of the business objectives of the Company and there should be a close proximity of the activity in question with the normal business of the Company.

III. PROCESS AND PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS

- a) All Related Party Transactions and amendments or modifications thereto shall require prior approval of the Audit Committee.
- b) The Audit Committee may grant omnibus approval to Related Party Transactions (subject to fulfillment of criteria for granting omnibus approval as specified in this policy) and such approval shall equally be applicable to transactions thereunder which are repetitive in nature.
- c) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- d) Any member of the Audit Committee interested in any Related Party Transaction shall not vote to approve the Related Party Transaction.
- e) Such omnibus approval shall provide for the following details:
 - 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 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 rupees one crore per transaction.
 - iv. such other information/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, the Audit Committee may grant omnibus approval subject to the value not exceeding INR 1,00,00,000/- (Indian Rupees One Crore only) per Transaction.
- f) The Audit Committee shall review, at least once every quarter, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by the Audit Committee.
- g) Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1 (one) year.
- h) Approval of the Board shall be required for entering into the Related Party Transactions which are not in the ordinary course of business or not an Arm's Length Transaction.
- i) Approval of the shareholders shall be required for entering into the Related Party Transactions which are either a material transaction as per Regulation 23 of LODR or not in the ordinary course of business, or not on arms' length and exceeding the limits prescribed under the Act read with the rules framed thereunder and the circulars/notifications, etc. issued by the Ministry of Corporate Affairs, from time to time.

Further, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

However, the said requirements 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;

- j) 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.
- k) In the event a Related Party Transaction is covered by applicable provisions of the Act, the Company shall comply with such provisions including requirements as prescribed under the SEBI (LODR) Regulations, 2015.

IV. DISCLOSURE

The particulars of contracts or arrangement with Related Parties referred to in section 188(1) of the Act shall be disclosed in the report of the Board as per Section 134 of the Act. Further, the Company shall provide additional disclosures on related party transactions as required under Regulation 23 of the SEBI (LODR) Regulations, 2015.

V. EXCEPTIONS

Transactions with wholly owned Subsidiaries are exempt from the above requirement.

VI. POLICY REVIEW

This policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements.
