



Related Party Transaction Policy

1. Preamble

The Board of Directors (the "Board") Lambodhara Textiles Limited (the "Company"), acting upon the recommendation of its Directors and Audit Committee (the "Committee"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The committee will review and may amend this policy from time to time.

2. Objective

The Company has formulated this policy to determine the materiality of related party transactions and to lay down the procedure in dealing with the related party transactions. This policy is to regulate the transactions between the Company and its Related Parties as per the laws and regulations applicable to the Company.

3. Definitions

- a. "**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.
- b. "**Audit Committee**" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under the provisions of the Listing regulations and the Companies Act, 2013.
- c. "**Board of Directors**" or "**Board**", in relation to a company, means the collective body of the directors of the company;
- d. "**Control**" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;
- e. "**Director**" means a director appointed to the Board of a company;
- f. "**Key Managerial Personnel**", in relation to a company, means -
 - i The Chief Executive Officer or the managing director or the manager;
 - ii The company secretary;
 - iii The whole-time director;
 - iv The Chief Financial Officer; and
 - v Such other officer as may be prescribed;
- g. "**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof.
- h. "**Material Related party Transaction under Listing regulations**" means;
 - i. the transaction / transactions with a related party, to be entered into individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- ii. the 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 Company as per the last audited financial statements of the Company.
- i. **“Material Related party Transaction under Companies Act”** means the transaction / transactions with the related party, to be entered into individually or taken together with previous transactions during the financial year, -
 - A. As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 of the Companies Act 2013, falling under one or more of the criteria mentioned below:
 - a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to ten per cent or more of the turnover of the Company or Rupees One Hundred Crores, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten per cent or more of net worth of the Company or Rupees One Hundred Crores, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - c) Leasing of property of any kind amounting to ten per cent or more of the net worth of the Company or ten percent or more of turnover of the Company or Rupees One Hundred Crores, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
 - d) Availing or rendering of any services, directly or through appointment of agent, amounting to ten per cent or more of the turnover of the Company or Rupees Fifty Crores, whichever is lower, as mentioned in clause (d) and clause (e) respectively of subsection (1) of section 188:
 - B. Is for appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration exceeding Rupees Two and Half Lakhs as mentioned in clause (f) of sub-section (1) of section 188: or
 - C. Is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one per cent, of the net worth as mentioned in clause (g) of sub section (1) of section 188.

The Turnover or Net Worth referred in the above definition shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

- j. **“Related Party Transaction”** means any transaction directly or indirectly between the Company and any Related Party which is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.
- k. **“Related party”**, with reference to a company, means -
 - i. A director or his relative;
 - ii. A key managerial personnel or his relative;