

LIBAS DESIGNS LIMITED

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

Introduction

In accordance with the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Libas Designs Limited ('Company') has formulated this Materiality and Dealing with Related Party Transactions Policy ("Policy").

Objective

The Policy sets out the criteria for determining materiality and dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties. This is required to ensure enhanced transparency and due process for approval of the related party transactions.

Definitions

- **Related Party** in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- **Related Party Transaction ('RPT')** in relation to the Company means as defined as a "related party transaction" under the relevant provisions of the Companies Act, 2013 or SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 or any other related law, regulation, etc.
- **Material Related Party transaction** means as defined in regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

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.

Approval of Related Party Transactions

Audit Committee

- All RPTs shall require prior approval of the Audit Committee of the Company before entering into such transaction.
- The Audit Committee shall consider all relevant factors while deliberating the RPTs for its approval.
- Any member of the Committee who has a potential interest in any RPT will abstain from discussion and voting on the approval of the RPT.
- The Audit Committee may grant omnibus approval for RPTs subject to such criteria/conditions as mentioned in Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- The Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.
- RPT entered into by the Company, which is not under the omnibus approval or for which prior approval by the Committee was not taken, will be placed before the Audit Committee for ratification.

Board of Directors

- Related Party Transactions as defined in clause (a) to (g) of sub-section 1 of Section 188 of the Companies Act, 2013 which is
 - (i) not in the ordinary course of business, or
 - (ii) not at arm's length price,

would also require approval of the Board of Directors of the Company and Board may approve the transactions after complying with the conditions specified in section 188 of the Companies Act, 2013 read with rules made there under.

- Any member of the Board who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the RPT.

- Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board as defined under sub-section (1) of section 188 of the Companies Act, 2013 will be placed before the Board for ratification and if it is not ratified by the Board within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any Director or is authorised by any other Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

Shareholders / Members of the Company

- Related Party Transactions as defined in clause (a) to (g) of sub-section 1 of Section 188 of the Companies Act, 2013 with the Related Parties as defined in the Companies Act, 2013, which are either
 - (i) not in the 'Ordinary Course of Business', or are not on an 'arm's Length Basis' and
 - (ii) exceeds the threshold under section 188 of the Companies Act 2013 shall require prior approval of the shareholders through special resolution.

No member of the Company shall vote where a related party contract or arrangement is being considered if such a member is a Related Party as defined in the Companies Act, 2013 in the context of the contract or arrangement which is being considered.

- All Material Related Party Transactions shall require approval of the shareholders of the Company through resolution. For this purpose, all Related Parties as defined in Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

Exception

The provisions regarding approval of the Audit Committee, the Board of Directors and Shareholders/ Members will not be required in the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Reporting of Related Party Transactions

Every contract or arrangement entered into under this Policy shall be referred to in the Board's report to the shareholders.

Interpretation

Any words used in this Policy but not defined herein shall have the same meaning as prescribed to it in the Companies Act, 2013 or rules made thereunder, SEBI Act or rules and regulations made thereunder, Accounting Standards or any other relevant legislation/law applicable to the Company. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee of the Company and the decision of the audit committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of (the Companies Act, 2013 or SEBI Act or rules and regulations or any other statutory enactments), the provisions of such Act or statutory enactments shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Review of Policy

This policy shall be subject to review and amendment by the Audit Committee of the Company as and when deemed necessary and in accordance with any regulatory amendments. All such changes will be updated on the website of the Company.