

RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

In terms of The Securities and Exchange Board of India, (SEBI) Listing Obligations and Disclosure Requirements Regulations, 2015 as further amended and in terms of SEBI (Listing Obligations and Disclosure Requirements Regulations) (Amendment), 2018, ("LODR") the Board of Directors of the Lee & Nee Softwares (Exports) Ltd. ("Company") had earlier adopted revised policy with regards to Related Party Transactions ("Policy") as defined herein below to be effective from April 01, 2019. In view of the further amendments in SEBI (Listing Obligations and Disclosure Requirements), 2015 effective from April 01, 2022, this further revised Policy is adopted by the Board in its Meeting held on 26-05-2022.

This policy will be applicable to the Company with effect from April 01, 2022. The policy is to regulate transactions between the Company, its Subsidiaries and their Related parties and do decide upon the materiality of the Related Party Transactions and also material modifications based on the applicable provisions of the laws and regulations applicable to the Company.

2. PURPOSE

The objective of the Policy is to frame a policy to deal with Related Party Transactions of the Company and also the Related Party Transactions of the Subsidiaries of the Company including formulating a policy on materiality of Related Party Transactions including clear threshold limits and material modifications to the Material Related Party Transactions.

3. DEFINITIONS

"Act" means Companies Act, 2013, including any statutory modification or re-enactment thereof.

"Arm's Length Transaction" shall have the meaning ascribed to such term under section 188 of the Act.

"Associate Company" shall have the meaning ascribed to such term under sub-section (6) of Section 2 of the Act.

"Audit Committee or Committee": Audit Committee is the committee which is constituted by the Company pursuant to section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the LODR.

“Board” means Board of Directors of the Company.

“Body Corporate” shall have the meaning ascribed to such term under sub-section (11) of Section 2 of the Act.

“Control” shall have the meaning ascribed to such term under sub section (27) of Section 2 of the Act.

“Compliance Officer” means Company Secretary of the Company.

“Holding Company” in relation to one or more Companies means a Company of which such Companies are Subsidiary Companies as per sub-section (46) of Section 2 of the Act.

“Key Managerial Personnel” (“KMP”) shall have the same meaning ascribed to such term under subsection (51) of Section 2 of the Act.

“Material Related Party Transaction” shall have the same meaning ascribed to such term under Regulation 23 (1) read with 23 (1A) of the LODR including amendments thereto from time to time.

“Materiality Threshold” means limits for Related Party Transactions beyond which the shareholders' approval will be required as specified in Act and rules thereof and amendments thereto.

“Material Modification in Related Party Transaction” “Material modification in a related party transaction” means any modification related to change in price by 20% , tenure, delivery schedule, nonstatutory obligations, terms and conditions or early termination or closure of any contract or arrangement for rendering services with related party or any increase in value of Related Party Transactions by 20%.

“Net Worth” shall have the meaning ascribed to such term under sub-section (57) of Section 2 of the Act.

“Related Party” shall have the meaning ascribed to such term under Regulation 2(1) (z b) of the LODR and under sub-section (76) of Section 2 of the Act and as amended from time to time.

“Relative” shall have the meaning ascribed to such term under sub-section (77) of Section 2 of the Act and under Regulation 2(1) (z d) of the LODR.

“Related Party Transaction of the Company and of its Subsidiary Company” shall have the meaning ascribed to such term under Regulation 2(1) (z c) of the LODR and under Section 188 of the Act and as amended from time to time

“Securities” means the Securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulations) Act, 1956.

“Subsidiary Company” or **“Subsidiary”** including Wholly Owned Subsidiary , in relation to any other Company (that is to say the Holding Company), as per the sub-section (87) of Section 2 of the Act means a Company in which the Holding Company

- (i) Controls the composition of the Board of Directors; or
- (ii) Exercises or controls more than 1/2 (one-half) of the total voting power either at its own or together with one or more of its Subsidiary Companies.

“Office or Place of Profit” shall have the meaning ascribed to such term under section 188 of the Act.

“Ordinary course of business” if transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business:

- I. The memorandum of Association of the Company should cover such transaction;
- II. There are previous instances of the Company having carried out such transaction;
- III. These transactions are frequent over a period of time;
- IV. The transaction should be in furtherance of the business objectives of the Company;
- V. The transactions, if not frequent, are important to the business objectives of the Company;
- VI. The transactions are incidental to Company’s business and part of standard industry practice or but for which the business would be adversely affected. This is not exhaustive criteria and the Audit Committee of the Company shall assess each transaction considering its specific type, nature, value and circumstances.

4. INTERPRETATION

In case of any dispute or difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Audit Committee 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.

5. APPROVING AUTHORITY

- A) Approval of Audit Committee:

All RPTs and Modifications including material modifications shall be referred to the Audit Committee for prior approval, whether at a meeting or by passing of a circular resolution

The Audit Committee shall also approve any subsequent modification of RPTs. Further, any variations against the pre-approved transactions will be placed before the Audit Committee for ratification.

Prior approval of the Audit committee shall be required in relation to its Subsidiary Companies:

An RPT to which a subsidiary 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 threshold of:

- 10 per cent of the annual consolidated turnover in accordance with the last audited financial statements of the Company effective from 1 April 2022)
- 10 per cent of the annual standalone turnover in accordance with the last audited financial statements of the subsidiary (effective from 1 April 2023).

Related Party Transactions with the wholly owned subsidiaries are exempted from any approval requirement in terms of the SEBI LODR and would require only periodical reporting to the Audit Committee and, preferably on quarterly basis.

Omnibus Approval: The Audit Committee may also grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company, which are routine and repetitive in nature, if the transactions satisfy the following conditions:

- (i) Such related party transactions are repetitive in nature.
- (ii) Specific need of such omnibus approval i.e. the transactions are in the best interest of the Company.

In terms of Regulation 23 (3) of the LODR, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company and such omnibus approval shall specify (a) the name/s of the related party, (b) nature of transaction, (c) duration/period of transaction, (d) maximum amount of transaction that can be entered into, (e) the indicative base price / current contracted price and the formula for variation in the price, if any and (f) such other conditions as the Audit Committee may deem fit.

Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One (1) crore per transaction.

In terms of Regulation 23 (3) (b) of the LODR, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company only after satisfying itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

In term of Regulation 23 (3) (e) of the LODR, the omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

In case any member of the Committee is interested in any potential Related Party Transaction, such member shall abstain from voting when such transaction is being considered.

The Audit Committee for the purpose of the omnibus approval and also for any prior approval shall take into account the ***Criteria specified by the Board under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 and the Regulation 23 (3) of the LODR including SEBI Circulars. Accordingly, the Board has, at its meeting held on May 26, 2022 and also on recommendation of the Audit Committee specified the following criteria which has been made part of this policy:***

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions

| Sr. | Particulars | Criteria |
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| A) | Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year | Rs. 1 (One) Crores |
| B) | The maximum value per transaction which can be allowed | Rs. 10 (Ten) Lacs |
| C) | Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval or seeking prior approval otherwise for any Related Party Transactions. | <ul style="list-style-type: none"> • Type, material terms and particulars of the proposed transaction; • Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); • Tenure of the proposed transaction (particular tenure shall be specified); • Value of the proposed transaction; |

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| | | <ul style="list-style-type: none"> • 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); • If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity 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, interoperate deposits, advances or investments, nature of indebtedness, cost of funds, tenure; applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the |
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| | | RPT. |
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| D) | Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made. | Quarterly. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis. |
| E) | Transactions which cannot be subject to the omnibus approval by the Audit Committee. | Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company. |

The Audit Committee shall review on a quarterly basis the details of Related Party Transactions entered into by the Company pursuant to omnibus approval.

B) Approval of the Board Of Directors

All Material Related Party Transactions which are subject to the approval of the shareholders of the Company shall require the approval of the Board at a meeting thereof. Further, all Related Party Transactions which are not in the ordinary course of business or not on an Arm's Length basis shall require the prior approval of the Board at a meeting thereof and required compliances prescribed under section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended, from time to time.

C) Approval of the Shareholders of the Company

All Material Related Party Transactions under the LODR and any subsequent Material modifications shall require prior approval of the shareholders by way of a resolution and all entities/individuals falling under the definition of "Related Parties" shall not vote to approve on such shareholders' resolution, whether such entities/individuals are a party to the transaction or not.

The notice as may be sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a) A summary of the information provided by the management of the listed entity to the audit committee as specified in point 4 above;
- b) Justification for why the proposed transaction is in the interest of the listed entity;

- c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the other details as required to take the prior approval of the Audit Committee.
- d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f) Any other information that may be relevant.

Provided that for related party transactions of unlisted subsidiaries of the Company, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that the Material Related Transactions and subsequent material modifications entered into by the Company with its wholly owned subsidiary (ies) whose accounts are consolidated with the company and placed before the shareholders at the General Meeting for approval shall not require approval of the shareholders

6. DEEMED APPROVAL

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant competent authority or committee shall be deemed to be approved under this Policy and will be governed by the provisions of the Section 188 of the Companies Act and SEBI LODR as may be applicable.. Such transactions are enumerated below:

- a) Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
- b) Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval.
- c) Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders including ESOPs.
- d) Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

7. EXEMPTION FROM OBTAINING APPROVAL FOR RELATED PARTY TRANSACTION UNDER THE LODR

- a) As per the provisions of the Act and the sub-regulation (5) of Regulation 23 of the LODR, transactions entered into between the 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 are exempted from obtaining prior approval of Audit Committee for Related Party Transaction.

- b) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

8. RATIFICATION OF THE RELATED PARTY TRANSACTION

Where any contract or arrangement is entered into by a Director or employee of the Company with Related Party without obtaining the consent of the Board or approval of Shareholders, and if the same is not ratified by the Board or Shareholders as the case may be within 3 (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 or, as the case may be, at the option of the Shareholders.

REPORTING OF RELATED PARTY TRANSACTIONS

9. REPORTING OF RELATED PARTY TRANSACTIONS

The Company is required to disclose in its annual financial statements and directors' report, certain transactions between the Company and its Related Parties as well as the Policy relating thereto. This Policy shall also be disclosed under a separate section on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

10. ARM'S LENGTH

Any transaction viz. sale/ purchase of products, goods, or availing/ rendering of services in the normal course of business would be levied upon at cost plus appropriate margin.

Contracts/ arrangements with Company's subsidiaries and group companies would result in Related Party Transactions. Generally, such contracts/ arrangements would be in the Ordinary Course of Business. Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The Chief Financial Officer of the Company is authorized to continuously monitor the process contained herein.

11. PROCEDURE

Chief Financial Officer of the Company will refer the Related Party Transactions to the Audit Committee for such approval and material Related Party Transactions to the Board for its

approval. Material RPTs after approval of the Board shall be taken up for approval of shareholders at a general meeting.

Chief Financial Officer of the Company will bring the deviations, to the Audit Committee/ Board for ratification.

12. POLICY REVIEW

The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years or as and when any changes are to be incorporate in the Policy due to change in the Regulations or as may be felt appropriate by the Audit Committee, whichever is earlier for approval of the Board of Directors. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

13. AMENDMENTS

The Company may amend the Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Policy.

14. DISCLOSURE

In terms of Regulation 23 of the LODR, the Company shall, in relation to a Related Party, make the following disclosures:

- a) Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee Meeting. The 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, if any.
- b) Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- c) The Company shall disclose the contract or arrangements entered into with the Related Party in the Board report to the shareholders.
- d) Every Related Party Transaction with proper justification shall be disclosed in the Directors Report. [Material RPTs and also Material Modifications shall be provided in the notice of the General Meeting/ Postal Ballot to be sent to the shareholders for their approval].

- e) The Company shall submit disclosure of information related to RPTs to the stock exchanges every six months in the format specified by the SEBI with the following timelines: i.e., on the date of publication of financials; Simultaneously with the publication of the financial results w.e.f. April 1, 2023]. and also publish the same on its website and Annual Report
- f) The Company shall disclose this Policy in the Annual Report by providing a web link to this Policy.

15. DISSEMINATION OF THE POLICY

The approved Policy shall be uploaded under a separate section on the website of the Company in “Investor Relations” Section.