

POLICY ON RELATED PARTY TRANSACTIONS

EFFECTIVE DATE: The Policy shall come into effect on: January 7, 2026.

INTRODUCTION:

This policy is formulated in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and in terms of Section 188 of the Companies Act, 2013 (the "Act") on materiality of related party transactions and on dealing with related party transactions.

The board of directors adopt this policy on the recommendation of Audit committee. The Board on recommendation of the Audit Committee of the Company shall review the Policy once in three years and may amend the same from time to time.

OBJECTIVE:

This policy is formulated to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company and it is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

The objective of this Policy is to set out (a) the basis of identifying related parties of the Company as well as related party transactions, (b) the materiality thresholds for related party transactions and (c) the manner of entering into transactions between the Company and its related parties based on the Act read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

DEFINITIONS:

a) "Act" means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.

b) "Arm's Length Transactions" means a transaction between two Related Parties that is conducted as if they were unrelated so that there is no conflict of interest.

c) "Audit Committee" shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations.

d) "Board of Directors" shall mean the Board of Directors of the Company.

e) "Books of Accounts" as defined in Section 2(13) of the Act.

f) “Company” means Laxyo Limited (Formerly known as Laxyo Energy Limited).

g) “Current” means running matter or whatever is at present in course of passage.

h) “Key Managerial Personnel” or “KMP” shall have the meaning as defined under Section 2(51) of the Act read with Regulation 2(1)(o) of the LODR Regulations.

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

j) “Material Related Party Transaction” means a Related Party Transaction (including any transaction to be entered into with a Related Party, individually or taken together with previous transactions during a Financial Year), which exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, as defined in Regulation 23 of the SEBI Listing Regulations.

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% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

k) “Material Modification” means any modifications to the related party transactions which requires approval of the audit committee or shareholders (in case of material transaction):

- Where the variation exceeds 20% of the originally approved transaction, in case of any monetary modification; or
- Which is in the opinion of the audit committee, significantly alters the nature or commercial terms of the transaction.

l) “Ordinary Course of Business” means a transaction which/ wherein:

- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time,
- is as per historical practice with a pattern of frequency, or
- is in connection with the normal business carried on by the Company, or
- the income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity, or
- is common commercial practice, or

- meets any other parameters/criteria as decided by the Board/Audit Committee.

m) "Policy" means Policy on Related Party Transactions, as amended from time to time.

n) "Relative" means as defined under Section 2(77) of the Act.

o) "Related Party" means as defined under Section 2(76) of the Act read with Regulation 2(1)(zb) of LODR Regulations.

p) "Related Party Transaction" means as prescribed under Section 188 of the Act read with Regulation 2(1)(zc) of LODR regulations or Indian Accounting Standard (IND AS) 24 as notified by the Central Government.

q) "Subsidiary Company" or "Subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.

r) "Industry Standards" shall mean the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated February 14, 2025.

All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the Companies Act, 2013, SEBI (LODR) Regulations, 2015 or any other applicable law or regulation to the extent applicable to the Company.

MATERIALITY THRESHOLD:

Regulation 23 of the LODR Regulations requires a company to prescribe materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction ("RPT") exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions.

None of the related parties of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

Thus, the Company has fixed its materiality thresholds as under:

- Payment to a Related Party with respect to brand usage or royalty (to be entered into individually or taken together with previous transactions during a financial year)– 5% of the annual consolidated turnover of the Company as per its last audited financial statements.

- Other transactions with a Related Party (to be entered into individually or taken together with previous transactions during a financial year)– lower of Rs. 1,000 crore or 10% of the consolidated annual turnover of the Company as per its last audited consolidated financial statements.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:

➤ **Identification of related parties:**

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

➤ **Identification of related party transactions:**

The Company has formulated the procedure for identification of RPT's in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulation. The Company has devised a process for determining whether the transaction is in Ordinary Course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

➤ **Procedure for approval of related party transactions:**

❖ **Approval of Audit Committee:**

Prior approval of the Audit Committee shall be required for:

1. All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
2. Related party transactions where subsidiary is a party but the Company is not a party and the transaction amount exceeds the threshold of:
 - i. 10% of the consolidated turnover of the Company
 - ii. 10% of the standalone turnover of the subsidiary

Prior approval of the Audit Committee shall not be required for:

1. 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.

For the said Related Party Transactions prior approval of the audit committee of the listed subsidiary is sufficient.

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

3. 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.

4. 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.

5. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

6. Remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.

Omnibus Approval:

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in the Act and LODR Regulation, as amended from time to time.

The Audit Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

The omnibus approval of the Audit Committee shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

The Audit Committee shall review at least on quarterly basis the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

Only those members of the audit committee, who are independent directors shall approve Related party transactions.

Where the Audit Committee does not approve the related party transactions, other than prescribed Section 188 of the Act, it shall make its recommendation to the Board for approval.

❖ **Approval of Board of Directors:**

All transactions with Related Parties as defined under the Companies Act, 2013 which are either not in the Ordinary Course of business or are not at Arm's Length shall require prior approval of Board of Directors.

Where any director is interested in any related party transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Information in such form and manner as prescribed in the Act and / or SEBI Listing Regulations would be provided to the Board.

❖ **Approval of Shareholders of the Company:**

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.

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not.

The requirement of passing the shareholder's resolution shall not be applicable for 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.

❖ **The Audit Committee shall have powers:**

which should include the following:

- (a) To investigate any activity within its terms of reference.
 - (b) To seek information that it properly requires from any employee of the Company or any associate or subsidiary in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee from such employees.
 - (c) To obtain outside legal or other professional advice.
 - (d) To secure attendance of outsiders with relevant expertise, if it considers necessary and to seek their advice, whenever required.
 - (e) To make available its terms of reference and review periodically those terms of reference and its own effectiveness and recommend any necessary changes to the Board; and
 - (f) Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.
- (ii) The **role of the Audit Committee** shall include the following:
- (a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee.
 - (c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company.
 - (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134(3) of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on the exercise of judgment by the management of the Company.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions; and
- Qualifications / modified opinion(s) in the draft audit report.

(e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use / application of the funds raised through the proposed initial public offer by the Company and related matters.

(g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions.

(i) Approval or any subsequent material modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary(ies) subject to such conditions as may be prescribed under the SEBI Listing Regulations and the Companies Act. Provided that only those members of the committee, who are independent directors, shall approve related party transactions.

Explanation: The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.

(j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary(ies) pursuant to each of the omnibus approvals given.

(k) Scrutiny of inter-corporate loans and investments.

(l) Undertaking or supervising valuation of undertakings or assets of the Company, wherever it is necessary.

(m) Evaluation of internal financial controls and risk management systems.

(n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

(o) Reviewing compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, at least once in a financial year and shall verify that the systems for internal control under the said regulations are adequate and are operating effectively.

(p) approving the key performance indicators for disclosure in its offering documents.

(q) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(r) Discussion with internal auditors of any significant findings and follow up there on.

(s) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(t) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

(u) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

(v) Recommending to the Board the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services.

(w) Reviewing the functioning of the whistle blower mechanism.

(x) Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate.

(y) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.

(z) Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee for directors and employees to report their genuine concerns or grievances in appropriate and exception cases.

(aa) reviewing the utilisation of loans and / or advances from investment by holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

(bb) Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

(cc) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and

(dd) Carrying out any other functions and roles as required to be carried out by the Audit Committee as may be decided by the Board as per the Companies Act, the SEBI Listing Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

(iii) The Audit Committee shall mandatorily review the following information:

(a) Management discussion and analysis of financial condition and results of operations.

(b) Management letters / letters of internal control weaknesses issued by the statutory auditors of the Company.

(c) Internal audit reports relating to internal control weaknesses.

(d) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

(e) Any show cause, demand, prosecution and penalty notices against the Company or its Directors which are materially important including any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies

(f) Statement of deviations in terms of the SEBI Listing Regulations:

- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of Regulation 32(1) of the SEBI Listing Regulations; and
- annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice, certified by the statutory auditors of the Company, in terms of Regulation 32(7) of the SEBI Listing Regulations; and

(g) Quarterly statement of variation for public issue, rights issue and preferential issue indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds and the actual utilisation of funds, before the submission to stock exchange(s); and

Such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Company Secretary of our Company shall serve as the secretary of the Audit Committee. The Audit Committee is required to meet at least four times in a financial year under Regulation 18(2)(a) of the SEBI Listing Regulations. The quorum for a meeting of the Audit Committee shall be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

DISCLOSURE:

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

The Company shall disclose policy on dealing with Related Party Transactions on its website.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

REVIEW OF THIS POLICY:

This policy is framed based on the provisions of the Act and the requirements of the LODR Regulations. In the event of any conflict between the provisions of this Policy and of the Act or LODR Regulations or any other statutory enactments, rules, the provisions of such Act or LODR Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment / modification in the LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.