

LORDS MARK INDIA LIMITED
POLICY FOR DEALING WITH RELATED PARTY TRANSACTIONS

1. OBJECTIVE

The Board of Directors (the 'Board') of Lords Mark India Limited (the 'Company' or 'NIL'), acting upon the recommendation of its Audit Committee has adopted the following policy and procedures for dealing with Related Party Transactions ('RPTs').

This policy is framed as per requirement under Regulation 23 of the SEBI (LODR) Regulations, 2015, and amendments thereto, to provide a framework for regulating transactions with Related Parties. The policy is intended to ensure that the dealings in RPTs meet proper reporting and approval norms as required by the statute, i.e., (Companies Act, 2013 and rules made thereunder and SEBI (LODR) Regulations, 2015 and amendments thereto).

This policy intends to list the approach adopted by the Company for transactions with its Related Parties. It is the objective of the Company that such transactions be based on principles of transparency and arm's length pricing.

2. DEFINITIONS

"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.

"Board" means Board of Directors of the Company

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

"Key Managerial Personnel" includes:

- 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;
- v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed.

The terms Director, Whole-time Director, Managing Director, Chief Financial Officer, Company Secretary, Key Managerial Personnel ('KMP') shall have the same meaning as assigned to it under section 2(51) of the Companies Act, 2013.

"Material Related Party transaction" shall mean a transaction with a Related Party, which, if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover

as per the last audited financial statements of the Company, and as defined under SEBI (LODR) Regulations, 2015, and applicable to the Company.

Further transactions involving payments made with respect to brand usage or royalty also considered material, if it exceeds five percent of the annual consolidated turnover as per the last audited financial statements of the company.

“Policy” means the policy for dealing with Related Party Transactions

“Relative” means relative as defined under section 2(77) of the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii Daughter's husband
- xi Brother (including step-brother) x
Sister (including step-sister)

“Related Party” shall mean a person or entity that is related to the Company as defined under Section 2(76) of the Companies Act, 2013, or under applicable accounting standards as may be amended from time to time.

The definitions of the term “Related Party” as per the above is given in Annexure A.

“Related Party Transaction” shall mean any transaction entered into directly or indirectly with a Related Party, involving a transfer of resources, services or obligations, regardless of whether a price is charged and any other transaction as defined under SEBI (LODR) Regulations, 2015, and as may be applicable from time to time.

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract."

“Material Modification(s)” means and includes any modification to an existing Related Party Transaction having variance of 20% of the approved limit or INR 1 crore whichever is higher as sanctioned by the Audit Committee/ Board/ Shareholders, as the case may be.

3. POLICY GOVERNING RELATED PARTY TRANSACTIONS

- a) This Policy would be subject to revision/amendment in accordance with the applicable laws and will be reviewed by the Board of Directors of the Company at least once in three years.
- b) All RPTs and subsequent Material Modifications must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

Provided that only those members of the Audit Committee, who are independent directors, shall approve RPTs.

4. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS

- a. Each director and KMP is responsible for providing a notice to the Company Secretary of any potential RPTs involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. Such notice should be provided by the director or KMP at the earliest possible occasion that he/ she becomes reasonably aware of any potential RPTs involving him/her or his or her relative.
- b. The Company strongly prefers to receive such notice of any potential RPTs reasonably in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.
- c. The Company Secretary will obtain annual declarations from Directors and KMPs for identification of Related Parties.
- d. The list of Related Parties arising from the declarations will be compiled by the Company Secretary and shared with the Finance department.
- e. Finance department will keep track of the transactions with
 - The Related Parties identified under the above declarations.
 - The holding company, fellow subsidiary companies and affiliate companies of the company
- f. Finance department will establish a mechanism in the accounting system to track new transactions/ agreements/ arrangements made with Related Parties, from time to time and shall also be responsible for maintenance of records and monitoring statutory threshold for shareholder approval.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- a. All Material RPTs and subsequent Material Modifications shall require prior approval of the shareholders through a special resolution and no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.
- b. The approval policy framework is given below:

AUDIT COMMITTEE APPROVAL

All RPT's and subsequent material modifications

BOARD APPROVAL

All RPT's referred by Audit Committee for approval of the Board to be considered. RPT's as required by statute.

SHAREHOLDERS APPROVAL

Approval by special resolution for:

- a. Material RPT's and subsequent Material modifications:
 - b. RPT's not in ordinary course of Business or not at arm's length basis and crosses threshold limit.
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- a. Every RPT and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation as applicable. Any member of the Audit Committee or Board of Directors who has a potential interest in any RPT will be abstained from discussions and voting on the approval of the RPTs
 - b. In determining whether to approve, ratify, disapprove or reject a RPTs, the Audit Committee, shall take into account all the factors as it deems appropriate.
 - c. In case, any RPT entered into by the Company is not in its ordinary course of business or not on arm's length basis then the approval of Board of Directors of the Company shall be sought in accordance with the procedure and limits laid under Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014.

6. GENERAL CRITERIA FOR APPROVAL OF RELATED PARTY TRANSACTIONS

- a) To review RPTs, the Audit Committee is provided with all relevant material information of the RPTs, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The information provided specifically covers the following:

- i. the name of the Related Party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;

- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii. the persons/authority approving the transaction; and
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

7. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH

- a) The Audit Committee/ the Board shall, in respect of the RPTs referred to them for approval, after considering the materials placed before them; judge if the transaction is in the ordinary course of business or at arm's length basis.
- b) The Audit Committee/ the Board may seek views of professionals/ specialists (on a need basis) for analyzing the appropriateness of the transactions from 'ordinary course of business' and 'arm's length' perspective.

8. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS PROPOSED TO BE ENTERED

- a) The Audit Committee may grant an omnibus (umbrella) approval for RPTs proposed to be entered into by a company subject to the following conditions:
 - i. Such approval is in respect of transactions which are repetitive in nature and the criteria of granting such omnibus approval is in line with the RPTs policy of the company.
 - ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company
 - iii. The omnibus approval should specify information for review and approval of proposed RPT as mandated under SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 and as may be applicable to the Company:

-Type, material terms and particulars of the proposed transaction

- Name of the related party and its relationship with the Company, 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
- The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction
- If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company:
 - (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, intercorporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT
 - Justification as to why the RPT is in the interest of the Company
 - A copy of the valuation or other external party report, if any such report has been relied upon
 - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis
 - Any other information that may be relevant.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of an RPT with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post-facto approval from the Audit Committee.

In case the Company is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPTs, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPTs. In any case, where the Audit Committee determines not to ratify a RPTs that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a RPTs, the Committee has authority to modify or waive any procedural requirements of this Policy.

10. DISCLOSURES

- i. The Company shall submit within 15 days from the date of publication of its standalone financial results for the half year, disclosures of Related Party transactions in the format specified by the SEBI from time to time and publish the same on its website.

Provided that the Company shall make such disclosure every half year on the date of publication of its standalone financial results with effect from April 1, 2023. 2.

- ii. This Policy will be communicated to all operational employees and other concerned persons of the company and shall be placed on the website of the Company at <https://lordsmarkindia.com/>

ANNEXURE A

1. "Related Party", with reference to Companies Act, 2013 means—
 - a. a director or his relative;
 - b. a key managerial personnel or his relative;
 - c. a firm, in which a director, manager or his relative is a partner;
 - d. a private company in which a director or manager is a member or director;
 - e. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
 - f. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - g. any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity;
 - h. any body corporate which is—
 - a holding, subsidiary or an associate company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary;
 - an investing company or the venturer of the company
 - i. such other person as may be prescribed;

Provided that:

- a. any person or entity forming a part of the promoter or promoter group of the Company; or
- b. any person or any entity, holding equity shares:
 - i. of twenty per cent (20%) or more; or
 - ii. of ten per cent or more (10%), with effect from April 1, 2023; in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

shall be deemed to be a Related Party

2. As per Indian Accounting Standard 24 as may be applicable to the Company from time to time.

3. Regulation 2 sub regulation (zb) of SEBI(LODR) Regulations,2015 states that:

“For the purpose of sub regulation (zb) of Regulation 2 of SEBI(LODR) Regulations,2015, an entity shall be considered as related to the Company if:

- i. such entity is a Related Party under Section 2(76) of the Companies Act, 2013; or
 - ii. such entity is a Related Party under the applicable accounting standards.
 - iii. any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding of the Company/ 10% or more with effect from April 1, 2023.
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