

# **Landmark Property Development Company Limited**

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## **RELATED PARTY TRANSACTIONS POLICY**

### **1. Preamble**

The Board of Directors (the “Board”) of Landmark Property Development Company Limited (the “Company” or “LPDC”), has adopted this policy and procedures, **by updating the existing policy dated August 4, 2014 and amendments thereto,** with regard to Related Party Transactions at its meeting held on **February 9, 2021** on recommendation of the Audit Committee. The Board reserves the right to review and amend this policy from time to time based on recommendation received from the Audit Committee.

This policy is intended to regulate transactions between Related Parties based on the applicable laws and regulations.

Any amendment in the Companies Act, 2013, rules and regulations, Accounting Standards and the Listing Agreement governing the Related Party Transactions shall automatically have the effect of amending this policy to that extent without the need of recommendation by the Audit Committee and approval by the Board. However, any such amendment shall be placed before the Audit Committee and the Board of Directors in the next meeting and put on the website of the Company for ready reference of all concerned.

Any amendment in this Policy shall be marked in italics.

### **2. Purpose**

This policy is framed as per requirement **of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** and intended to ensure that proper approvals are obtained and proper reporting is made of transactions between the Company and Related Parties.

### **3. Disclosures**

- a. The details of all Material Transactions with Related Parties shall be disclosed quarterly to the Audit Committee and to Stock Exchanges along with the compliance report on Corporate Governance.
- b. Every Contract or arrangement entered into with a Related Party with Board/Shareholders' approval shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.
- c. The Related Party relationships and Transactions shall be disclosed in the Annual Report as per **Indian Accounting Standard 24**.
- d. The policy of the Company on dealing with Related Parties Transactions shall be disclosed on website of the Company and in the Annual Report.

[Instead of disclosing the policy on dealing with Related Party Transactions in the Annual Report a web-link shall be provided therein.]

*As per SEBI Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014.]*

### **4. Definitions**

**“Arms 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.

**“Audit Committee”** means Committee of the Board of Directors of the Company constituted under provisions of Listing agreement and Section 177 of the Companies Act, 2013.

**“Board”** means Board of Directors of the Company.

**“Key Managerial Personnel”** means Key Managerial Personnel as defined under section 2 (51) of the Companies Act, 2013.

**“Material Related Party Transaction”** means a transaction with a related party where 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 of the Company as per the last audited financial statements.

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

**“Policy”** means Related Party Transactions Policy.

**“Related Party”** means related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Further, any person or entity belonging to the promoter or promoter group and holding 20% or more of shareholding of the Company.

“**Related Party Transaction**” is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. A “transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

## **5. Policy**

All Related Party Transactions (whether material or not) must be reported to the Audit Committee for its prior approval, from time to time. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 Crore per transaction.

- d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

### **5.1 Identification of Related Parties**

Each Director and Key Managerial Personnel is responsible for intimating the Board the names of the Firms/Companies/Bodies Corporate/Association of Individuals in which they have concern or interest as a Partner/Director or Member and the Related Party(ies) at the first meeting of the Board in every financial year and any change therein at the first Board meeting held after such change.

Further, every Director/Key Managerial Personnel who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into or to be entered into

with a Body Corporate/Firm shall disclose nature of concern or interest at the meeting of Board in which such contract or arrangement is discussed.

Secretarial Department shall prepare the list of Related Parties on the basis of aforesaid information and Statutory Auditors to verify the process of ascertaining the Related Parties. The said list shall be circulated to Managing Director/Chief Executive Officer/Business Heads/Branch Heads, the Finance and Accounts Department, Statutory Auditors and Management Audit Team.

## **5.2 Restrictions for Related Party Transactions**

- a. All Related Party Transactions shall require prior approval of Audit Committee except 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.
- b. Except with the consent of the Board of Directors given by a resolution at a meeting of the Board, the Company shall not enter into any contract or arrangement with a Related Party.
- c. All Material Related Party Transactions shall require approval of the shareholders through special resolution and all entities falling under the definition of Related Party shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

Provided that no Board and Shareholders' approval shall be required to the transactions entered into by the Company in its ordinary course of business other than transactions which are not on arms length basis.

## **5.3 Review and Approval of Related Party Transactions**

The following shall be the process of approving Related Party Transactions:

- (a) Related Party Transactions will be normally referred to the next regularly scheduled meeting of Audit Committee/Board for their review and approval.
- (b) For seeking the approval of the Audit Committee in respect of regular/routine related party transactions, before end January of every financial year, the Accounts Department shall identify the transactions likely to occur during the next financial year with the related parties and the value of such transactions which are likely to take place during the next financial year. On the basis of the information gathered, the following information is required to be sent by the concerned unit to the Chief Financial Officer at least 30 days in advance of the last Audit Committee meeting to be held in the said financial year:
  - (i) Name of the related party and nature of relationship;
  - (ii) Nature and Duration of Contract;
  - (iii) Particulars of Contract or Arrangement;
  - (iv) Material terms of Contract or Arrangement
  - (v) Value of Contract or Arrangement (total value of contracts for the year to be given);

- (vi) Advance paid for Contract or Arrangement;
  - (vii) Manner of determining pricing and other commercial terms both included as part of contract and not considered as part of contract;
  - (viii) Comparison of the pricing with market, past transactions etc., to help appreciation of Arms length;
  - (ix) Whether all factors relevant to the contract have been considered, if not the details of factors not considered and the reasons thereof;
  - (x) Any other relevant information to enable the Audit Committee/Board to take a decision on the matter.
- (c) In case of other contracts which arise during the course of the year, information as in (b) above to be sent to the Chief Financial Officer at least 30 days in advance of the Audit Committee Meeting before entering into the contract. The contract can be entered into only after the approval of the Audit Committee is granted to the particular Related Party Transaction.
- (d) The Chief Financial Officer should certify whether the contracts/transactions are at arms' length basis. Similarly, the Statutory Auditors should examine the entire documentation and certify the same.
- (e) Any member of the Board who has a potential interest in any Related Party Transaction will excuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction, if he/she is a member of the Committee.
- (f) The Committee will be provided with all relevant material information of the Related Party Transaction, including the benefits to the Company and any other relevant matters.
- (g) In determining whether to approve a Related Party Transaction, the Audit Committee, will consider the following factors, amongst others, to the extent relevant:
- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
  - Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
  - Whether the Related Party Transaction would give rise to a conflict of interest for any Director or Key Managerial Personnel of the Company, considering the size of the transaction, the overall financial position of the Related Party, and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.
- (h) If the Audit Committee is of the view that the Related Party Transaction is material (even though at arms-length pricing basis) and hence requires the approval of the Shareholders, then such transaction shall be placed before the Shareholders at a General Meeting to be convened for such purposes or by way of Postal Ballot and approval sought. The transaction shall not be put into action before receipt of the shareholder's approval.

- (i) If the Audit Committee is of the view that the Related Party Transaction is not material but is also not at arms-length pricing basis, then it shall refer the matter to the Board for its approval. Such transaction shall not be put into action before receipt of the Board's approval. Needless to mention if such transaction is material then it would require the shareholder's approval prior to it being put into action.
  - (j) The approval shall not be required in case of the under-mentioned transactions:
    - Transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
    - Transaction for allotment or transfer of securities issued by the Company.
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