

RELATED PARTY TRANSACTIONS POLICY OF LIBORD FINANCE LIMITED

1.0 INTRODUCTION

The Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) introduced specific provisions relating to Related Party transactions and defined the term related parties, (material) related party transactions, relatives and key management personnel. The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

In addition, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) with the objectives to make the corporate governance framework more effective, necessitates all the listed companies to formulate a policy on materiality of Related Party transactions and also a policy on dealing with related party transactions.

Accordingly, the Board of Directors (the "Board") of Libord Finance Limited (the "Company" or "LFL"), has adopted a policy and standard operating procedures to regulate transactions between the Company and Related Parties.

2.0 SCOPE & PURPOSE

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. Transactions covered by this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as "Related Party Transaction".

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its Related Party in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

3.0 DEFINITIONS

- (a) "**Arm's length Transactions**" means a transaction between two Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.
- (b) "**Audit Committee or Committee**" means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.
- (c) "**Board**" means the Board of Directors of Libord Finance Limited, as constituted from time to time.
- (d) "**Company**" means a company incorporated under the Companies Act, 2013 or under any previous company law.
- (e) "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

- (f) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes:
- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a wholetime director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer
- (g) **“Ordinary course of Business”** means a transaction which is:-
- (i) Carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time;
 - (ii) Historical practice with a pattern of frequency; or
 - (iii) Common commercial practice; or
 - (iv) Meets any other parameters/criteria as decided by Board/Audit Committee.
- (h) **“Material Related Party Transaction”** means a transaction with a Related Party shall be considered material 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 of the company as per the last audited financial statements of the company.
- (i) **“Policy”** means Related Party Transaction Policy.
- (j) **“Related Party”** means Related Party as defined under Section 2 of the Companies Act, 2013, Listing Regulations and/ or under the applicable accounting standards, as amended from time to time.
- (k) **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.
"Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract."
“Relative” means relative as defined under the Companies Act, 2013, as amended from time to time.

4.0 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

The Responsible Person (Company Secretary/ Chief Financial Officer) shall at all times maintain a database of Company’s Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause above, along with their personal/company details including any revisions therein.

The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

5.0 POLICY

Responsible Person shall collate the information, coordinate and send the Related Party List to the concerned employees which may include MD, CEO, the Finance & Accounts Department and Statutory Auditors and who he believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.

The details of proposed transaction justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate shall be appropriately taken up for necessary prior approvals from the Audit Committee at its next meeting and the decision shall be conveyed back to the originator. The suggested list of records and supporting documents is detailed separately in this policy.

For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee of Directors of the Company shall receive timely, full and sufficient information about the Transactions covered under this Policy.

In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the Related Parties.

5.1 REVIEW AND APPROVALS OF RELATED PARTY TRANSACTIONS

5.1.1 Audit Committee

- a) Every Related Party Transaction shall be subject to the prior approval of the Audit Committee, whether at a meeting or by resolution by circulation or any other manner as provided by the Companies Act, 2013 and Rules made thereunder or by Secretarial Standards.
Provided that the transactions entered into by the Company with its wholly owned subsidiary(ies), if any, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee. 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 Listing Regulations and Companies Act, 2013 and Rules made thereunder, as amended from time to time. The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company. If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.
- b) The Audit Committee shall also review the statement of significant Related Party transactions submitted by management as per its terms of reference.
- c) Any member of the Committee who has a potential interest in any Related Party Transaction shall not remain present at the meeting when such Related Party Transaction is considered.
- d) To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.
- e) The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

5.1.2 Approval of the Board and the Shareholders

The Board shall approve such Related Party Transactions as are required to be approved under Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

- (i) In addition to the above, the following kinds of transactions with related parties shall also placed before the Board for its approval:
 - a) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
 - b) Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
 - c) Material Related Party Transactions as well as Related Party Transactions requiring shareholders' approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.

Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.

Further, all such Related Party Transactions exceeding the threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company and Related Party/ies shall abstain from voting on such resolution.

- (ii) In Compliance with Listing Regulations, all the material Related Party Transactions shall require approval of shareholders and the Related Party/ies shall abstain from voting on such resolution. Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary (ies), if any, 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.

In case the shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

5.2 RULES FOR TRANSACTIONS WITH RELATED PARTIES WHICH ARE IN ORDINARY COURSE OF BUSINESS/ ON ARM'S LENGTH EXCEPT SPECIFIC TRANSACTIONS

Transactions with Related Parties which are in Ordinary Course of Business of the Company and on arm's length shall be periodically disclosed to the Audit Committee/Board. The Responsible Person shall ensure that details of such transactions are brought to the notice of Chairman & Managing Director and /or any other person so authorized and discussed with the Board at the next following meeting, as may be required.

Transactions being entered into with the Related Parties even though being in the ordinary course of business of the company shall satisfy the criteria of arm's length pricing. It shall be the responsibility of the Responsible Person to ensure that requisite evidence and documentation are made available to the Auditors/Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis.

5.3 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate. Where any contract or arrangement is entered into by a director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders at a meeting 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 authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the 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 Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

6.0 REGISTERS

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

6. Disclosures

The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

The register shall be preserved permanently and shall be kept in the custody of the Company Secretary /Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

7.0 RECORDS RELATING TO RELATED PARTY/ SUPPORTING DOCUMENTS

a) Rent Agreement

- (i) Copy of draft agreement.
- (ii) Quotation from a property dealer/ advisor in the area in which the property is located or a nearby area.
- (iii) If quoted prices are substantially lower / higher than existing, to seek second quotation.

b) Purchase/ sale of property

- (i) Valuation reports from at least 2 independent valuers to ascertain Fair Market Value.
- (ii) Quotations from 2 independent property dealers/brokers.
- (iii) Draft copy of agreement to sell/Draft of proposed sale deed.
- (iv) Brief terms and conditions and justification of such transaction.

c) Purchase/sale of material, goods etc.

- (i) Copy of agreements/Purchase Orders/correspondence exchanged/ letters of exchange / bills/ invoices etc.
- (ii) Invoices/ bills of similar transactions on same date or nearby date with un-related parties from the seller.
- (iii) Quotation from un-related service provider.

d) Availing/ Rendering Services

- (i) Copy of Agreement/ MOU/ Correspondence etc.
- (ii) Supporting documents justifying the transaction on arms' length basis.

e) Loans/ Advances given or Taken

- (i) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013
- (ii) Agreements
- (iii) Statutory approvals wherever required.
- (iv) Rate of Interest and justification for the same in view of nearest prevailing G-SEC rate for the term of the Loans/Advances (wherever applicable).

f) Subscription to shares/debentures/securities

- (i) Valuation Report or documents justifying that subscription is done/received at a rate on which placement has been made/shall be made to an un-related party.

- g) Guarantee/ Securities
 - (i) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules there under.
 - (ii) Agreements.
 - (iii) Other documents justifying the same.
- h) Other transactions
 - (i) Agreements or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate.

8.0 DISCLOSURES

- (a) Details of all material transactions with Related Parties shall be disclosed quarterly along with the compliance report on corporate governance.
- (b) The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- (c) The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- (d) Disclosures with respect to Related Party Transactions shall be made as per applicable provisions of the Act and/or Listing Regulations.
 - In addition to the above, the Company shall
 - (i) provide details of all Related Party Transactions meeting the materiality threshold on a quarterly basis along with the compliance report on Corporate Governance.
 - (ii) disclose the Related Party Transaction Policy on its website
 - (iii) provide a weblink thereto in the Annual Report.
 - (iv) any other disclosures as may be required from time to time

9.0 REVIEW OF THE POLICY

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated there under and Listing Regulations and must be approved in the manner as may be decided by the Board of Directors.

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