

# **LARK TRADING AND FINANCE LIMITED**

CIN: L34102UP1987PLC009222

Regd. off: C-273, Sector-63 Noida, Gautam Buddha Nagar Uttar Pradesh-201301

Telephone-0120-6849500, Email: [Larktradingfinance@gmail.com](mailto:Larktradingfinance@gmail.com) website: [www.larktrading.in](http://www.larktrading.in)

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## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

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## 1. Applicability and Effective date

The Company had formulated a Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions, which was effective from 01.10.2014. The Policy was revised from time to time considering various developments. The Policy is being further revised with effect from 09<sup>th</sup> February, 2026 unless specified otherwise.

This Policy is formulated to regulate the related party transactions based on the applicable laws, rules and regulations, as amended from time to time.

## 2. Purpose

This policy is framed as per requirement of Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time [SEBI (LODR) Regulations, 2015] and intended to ensure the proper approval and reporting of the related party transactions. Further, Regulation 23(2) of the aforesaid regulations, requires the Audit Committee to define material modification and disclose it as a part of the policy.

## 3. Definitions

i. **“Arm’s Length Transaction”** shall be as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013, means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

ii. **“Associate Company”** shall be as defined in Section 2(6) of the Companies Act, 2013.

iii. **“Board”** means the Board of Directors of LARK TRADING AND FINANCE LIMITED.

iv. **“Companies Act, 2013”** or “the Act” means the Companies Act, 2013 as amended from time to time.

v. **“Key Managerial Personnel”** shall be as defined in Section 2(51) of the Companies Act, 2013.

vi. **“Material Modifications”** means any modification to the existing Related Party Transaction which has the effect of increasing or decreasing the value of original contract by 35% or more.

vii. **“Material Related Party Transaction”** shall be a transaction with a related party as specified under SEBI (LODR) Regulations 2015 and as amended from time to time. Accordingly, transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, 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.

viii. **“Office or Place of Profit”** shall be as defined in explanation (a) to Section 188 of the Companies Act, 2013. Accordingly, the expression “office or place of profit” means any office or place:-

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- a. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- b. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- ix. **“Ordinary Course of Business”** includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. In law, the ordinary course of business covers the usual transactions, customs and practices of a certain business and of a certain firm. Indicative factors for determining term ordinary course of business:
- a) is normal or otherwise remarkable for your particular business (i.e. features in your system, processes, advertising, staff training, etc.)
  - b) is frequent and regular
  - c) involves significant amounts of money
  - d) is a source of income for your business
  - e) involves significant allocation of resources
  - f) is involved in a service or product that is offered to customers
- x. **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013, or under the applicable accounting standards or under Regulation 2(1)(zb) of SEBI (LODR) Regulations 2015 as amended from time to time.
- xi. **“Related Party Transactions”** shall be as per Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015. Accordingly, a related party transaction is a transaction involving transfer of resources, services, or obligations between
- a. listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
  - b. listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, 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. Provided that the following shall not be a related party transaction:
- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
  - b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
    - i. payment of dividend.

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- ii. sub-division or consolidation of securities.
- iii. Issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.
- xii. “**Relative**” shall be as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014.
- xiii. “**SEBI (LODR) REGULATIONS, 2015**” or “Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amended from time to time.
- xiv. “**Subsidiary Company**” shall be as defined in Section 2(87) of the Companies Act, 2013.

All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and SEBI (LODR) Regulations 2015, as amended from time to time.

## **4. Approval and Review of Related Party Transaction**

All Related Party Transactions and subsequent material modifications shall be subject to the prior approval of the Audit Committee. All other modifications shall also require approval of the Audit Committee. Further, only those members of the audit committee, who are independent directors, shall approve related party transactions under Regulation 23(2) of SEBI (LODR) Regulations 2015.

Prior approval of the audit committee shall **not** be required for a RPT in the following cases:

- (a) transactions entered into between two public sector companies;
- (b) 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.
- (c) 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.
- (d) 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.
- (e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

## **5. Approval of the Audit Committee- Mechanism**

### **5.1 Details to be provided to Audit Committee**

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The following details/information shall be provided to the Audit Committee for entering into Related Party Transaction(s):

- a. Type, material terms and particulars of the proposed transaction, contract, or arrangement.
- b. 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).
- c. Nature and Tenure of the proposed transaction (particular tenure shall be specified).
- d. Value, maximum amount and any advance paid or received of the proposed transaction, contract or arrangement.
- e. Manner of determining the pricing (indicative base price / current contracted price and the formula for variation in the price, if any) and other commercial terms, both included as part of contract and not considered as part of the contract.
- f. 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).
- g. 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, inter-corporate deposits, advances, or investments,
    - a. nature of indebtedness
    - b. cost of funds; and
    - c. 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.
- h. Justification as to why the RPT is in the interest of the listed entity.
- i. A copy of the valuation or other external party report, if any such report has been relied upon.
- j. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.
- k. 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; and
- l. Any other information that may be relevant.

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## 5.2 Omnibus Approval and Criteria thereof

The Audit Committee may grant the omnibus approval for Related Party Transactions proposed to be entered into subject to the following conditions / criteria:

1. Transactions are frequent/regular/repetitive in nature and are in the normal course of business of the Company.
2. The Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.
3. The maximum aggregate value of all transactions taken together in a financial year with a related party which can be approved under omnibus route in a financial year, shall not exceed one thousand crores.
4. Omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions 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. One crore per transaction.

5. The 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.
6. The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of the financial year.
7. The Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

## 5.3 Consideration by the Audit Committee

While approving, the Audit Committee may, inter-alia, consider the following factors:

- a. all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party.
- b. whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis, at the time of entering into the transaction.
- c. business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- d. whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or KMP of the Company.
- e. any other matter the Audit Committee deems relevant.

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- f. Where proposal for any Related Party Transactions is placed but not approved by the Audit Committee, reasons for such should be recorded.

## 5.4 Review by the Audit Committee

The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis. The onus to place such agenda shall be on the department who has initiated the agenda at the time of original approval.

## 6. Approval of the Board and Shareholders – Mechanism

### 6.1 Under the Companies Act, 2013

In case of specified Related Party Transaction(s) as per section 188(1) of the Companies Act, 2013 read with applicable Rules under the Companies Act, 2013 as amended and as mentioned in the table below, prior approval of Board and/or Shareholders is required as per the following:

a. **Prior approval of the Board at a meeting** - Transactions which are not in ordinary course of business or not on arm's length basis.

b. **Prior approval of the Shareholders, by way of resolution** - Transactions which are not in ordinary course of business or not on arm's length basis and beyond the following threshold limits:

Sr. No.	Specified RPT(s) u/s 188(1) of the Companies Act, 2013	Threshold limits for approval of Shareholders
(a)	sale, purchase or supply of any goods or materials, directly or through appointment of agent	amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013
(b)	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.
(c)	leasing of property of any kind	amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188 of the Companies Act, 2013.
(d)	availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013

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(e)	such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	at a monthly remuneration exceeding two and a half lakh rupees.
(f)	remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	exceeding one percent of the net worth.

## 6.2 Under SEBI (LODR) REGULATIONS 2015

All Material Related Party Transactions and material modifications thereof require the prior approval of the shareholders, by way of resolution. However, the same shall be put up to the Board for its approval at its meeting before the approval of shareholders.

## 6.3 Voting on resolution

No related party shall vote on such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

## 6.4 Details to be provided to the Board and Shareholders

The information provided to the Audit Committee in 4.1.1 above shall also be provided to the Board for approval of Related Party Transaction(s).

The following information shall be provided to the Shareholders for approval of Related Party Transaction(s):

- a. A summary of the information provided by the management of the listed entity to the audit committee as specified in point 5.1 above including the name of the related party, nature of relationship, nature, material terms, monetary value and particulars of the contract or arrangement.
- 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 details specified under point 5.1 (g) above.
- 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. Name of the Director or KMP who is related, if any.
- g. Any other information that may be relevant.

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## **7. Summary of the approval mechanism under SEBI (LODR) Regulations, 2015 and the Companies Act, 2013:**

<b>Details of Transaction(s)</b>	<b>Approving Authority</b>
All related party transactions (other than those mentioned at para 5 below) and any subsequent material modifications to the contracts / arrangements	Prior approval of the Audit Committee of the Company.  <i>(Including Omnibus Approval for a maximum period of one financial year)</i>
RPTs u/s 188 of the Companies Act, 2013 which are not in Ordinary Course of Business or not on arm's length basis or both and less than threshold limits of materiality.	Prior Approval of the Audit Committee and Board of Directors of the Company.
RPTs at 6.1 above which are in not in ordinary course of business or not on arm's length basis or both and beyond threshold limits.	Prior Approval of the Audit Committee, Board of Directors and Shareholders of the Company
Material RPTs at 6.2 above	

## **8. Related party transactions not approved under this policy**

- a) Subject to the provisions of the Act, SEBI (LODR) Regulations 2015 and other applicable laws, in the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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.
- b) Pursuant to Section 177 of the Companies Act, 2013, in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.
- c) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting 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 or, as the case may be, of the shareholders and if the contract or arrangement

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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.

- d) In any case where either the Audit Committee/Board/Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, may direct additional actions including, but not limited to, seeking fresh approvals, discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board/ Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

## **9. Disclaimers**

In case of any discrepancy between this Policy, the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 or any rule or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation/ provision shall prevail over this Policy. Any subsequent amendment/ modification in the SEBI (LODR) Regulations 2015, Act and/ or applicable law in this regard shall automatically apply to this Policy.

## **10. Review of the Policy**

The Policy and its material threshold limits shall be reviewed and approved by the Board of Directors of the Company at least once in every three years, or at a frequently as may be prescribed under the applicable regulations or best practices and updated accordingly.

**For and on Behalf of Lark Trading and Finance Limited**

**CS Priyanka Sisodia  
Company Secretary & Compliance Officer**