

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **1. PREAMBLE**

The Board of Directors (“**Board**”) of Cupid Trades and Finance Limited (“**Company**”), has adopted the following policy and procedures with regard to Related Party Transactions (“**RPT**”). This policy shall regulate transactions between the Company and its Related Parties based on laws and regulations, applicable to the Company.

The Audit Committee (“**AC**”) of the Board will review the policy from time to time and recommend such changes therein as deemed necessary after appropriate deliberation. The Board may amend this policy suo motu, or on recommendations of the AC from time to time. Lastly, the policy shall be reviewed by the Board at least once every 3 (three) years and updated accordingly.

### **2. PURPOSE**

This policy is framed in compliance with the requirements of Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) (as amended from time to time) and is intended to ensure proper approval and reporting of transactions between the Company and its related parties. The policy also endeavours compliance with the provisions of Companies Act, 2013 (as amended from time to time), and the applicable Accounting Standard in relation to transactions with related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and its Related Parties as well as policies concerning transactions with Related Parties.

### **3. DEFINITIONS:**

“**Act**” means Companies Act, 2013.

“**Accounting Standard**” means the Indian Accounting Standard 24, as notified by the Institute of Chartered Accountants of India (“**ICAI**”), as applicable on date including any amendment / modification thereto from time to time and /or any other Standard notified by **ICAI** or any other Authority including the Ministry of Corporate Affairs (“**MCA**”), as may be applicable.

“**Arm’s length price**” would have the meaning as defined under Income tax Act and other acts as applicable to the Company and other judicial pronouncements, as applicable from time to time and

shall mean a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

**“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.

**“Audit Committee or Committee” (“AC”)** means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations, 2015 and Act.

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

**“Control”** means Control as defined under the Act and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and as amended thereto and shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreement or voting agreements or in any other manner.

**“Key Managerial Personnel” (“KMP”)** means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act and includes:

- i) Managing Director, or Chief Executive Officer or manager and in their absence, a Whole-time Director;
- ii) Company Secretary;
- iii) Chief Financial Officer;
- iv) Such other officer, not more than one level below the Directors who is in whole-time employment, designated as KMP by the Board; and
- v) Such other officer as may be prescribed.

**“Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transaction(s) during a financial year, exceeds rupees 1,000 (one thousand) crore or 10% (ten percent) of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company, whichever is lower. Further 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 transaction(s) during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the listed entity, as per the Company's last audited financial statements.

**"Material Modification(s)"** means any modification to a Material Related Party Transaction ("**RPT**") which results in 25% (twenty-five percent) or more change in the total value of such transaction.

**"Ordinary course of business"** would have the meaning as defined by the under judicial and other pronouncements, as applicable from time to time and shall mean and include the habit system and continuity of an act required to satisfy the test of regular or ordinary course of business.

**"Policy"** means RPT Policy.

**"Related Party"** means related party as defined in Regulation 2(zb) of the Listing Regulations, 2015 (as amended from time to time), which inter-alia provides that an entity shall be considered as related to the Company if:

- a. such entity is a related party u/s 2(76) of the Act ; or
- b. such entity is a related party under the applicable accounting standards; or
- c. such person or entity forms part of the promoter or promoter group of the Company; or
- d. such person or any entity, holds equity shares:
  - (i) equivalent to twenty percent or more currently; or
  - (ii) equivalent to ten percent or more, with effect from 01<sup>st</sup> April, 2023; in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediate preceding financial year.

**"Related Party Transaction" ("RPT")** as means a transaction involving a transfer of resources, services or obligations between:

- (i) 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
- (ii) a 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, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a 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;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

“**Relative**” means relative as defined under the Act read with the relevant Rules and the SEBI Listing Regulations (as amended from time to time).

“**Senior Management**” shall mean officers / personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer / managing director / whole time director / manager (including chief executive officer / manager, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer.

The definitions above said for the observance of the Policy by the Company and its Board (including Committee/s thereof), shall be subject to exercise of the statutory powers of the Regulatory Authorities with respect to repeal or alteration or addition to their respective meaning as prescribed by or under Act, the SEBI Act, and any other applicable laws for the time being in force.

#### 4. Identification of Potential Related Party Transaction

Each Director, KMP and members of the Senior Management is responsible for providing notice to the Board or AC of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that the Board/AC may reasonably request. Board/AC will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential RPT well in advance so that the AC/Board has adequate time to obtain and review information about the proposed transaction.

#### 5. Process and guidelines for Related Party Transaction

All RPTs and '*subsequent Material Modifications*' shall require **prior approval of the AC of the Company**. Only those members of the AC, who are independent directors, shall approve RPTs.

Any transaction entered into by a Related Party of the Company with a subsidiary of the Company, shall also require prior approval of the AC of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds the threshold limit as specified in Listing Regulations, 2015 (as amended from time to time).

Further, all Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that

**Prior approval of the AC of the Company** shall also be required for the following:

- (i) A RPT to which a subsidiary of the Company is a party (but the Company is not a party)- if the value of such transaction (whether entered into individually or taken together with previous transactions) during a financial year, *exceeds 10% (ten percent) of the annual consolidated turnover, as per the Company's last audited financial statements;*
- (ii) A RPT to which a subsidiary of the Company is a party (but the Company is not a party)- if the value of such transaction (whether entered into individually or taken together with previous transactions) during a financial year, *exceeds 10% (ten percent) of the annual standalone turnover, as per the subsidiary's last audited financial statements* (effective from 1 April 2023).

**Prior approval of the AC of the Company shall not be required** for a RPT to which a listed subsidiary of the Company is a party (but the Company is not a party), if regulation 23 and regulation 15(2) of the SEBI Listing Regulations apply to such listed subsidiary. However, the requirements specified in regulation 23(4) of the SEBI Listing Regulations shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved.

## **6. Review and Approval of Related Party Transactions**

### **a. Audit Committee:**

All RPTs will be referred to the AC for review and approval, as applicable. Members of the Committee who have a potential interest in any RPT will excuse themselves and abstain from discussion and voting on the approval of the said transaction.

To review a RPT, the AC will be provided with all relevant material information of the transaction as stated in the SEBI RPT Circular, 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 AC may grant '*omnibus approval*' for RPTs proposed to be entered into by the Company, subject to the following conditions:

i) Such approval shall be applicable in respect of transactions which are repetitive in nature; ii) It shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;

iii) Such omnibus approval shall specify

- a. the name/s of the Related Party , nature of transaction, period of transaction, maximum amount of transaction(s) that can be entered into,
- b. the indicative base price / current contracted price and the formula for variation in the price if any **and**
- c. such other conditions as it may deem fit;

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, the AC may grant omnibus approval for such transactions, subject to their value not exceeding Rs.1 (one) crore per transaction. iv) It 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.

v) Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1 (one) year.

If the Committee determines that a RPT should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following RPTs shall not require approval of the AC, in so far as the same are not in conflict with the provisions of the SEBI Listing Regulations (and as amended from time to time):

- a. Any transaction(s) 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. Any transaction(s) entered into between 2 (two) wholly-owned subsidiaries of the Company (holding company), whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- c. Any transaction(s) arising out of compromise, arrangement and amalgamation dealt with under specific provisions of the Act.

**b. Board:**

The minutes of the AC discussing RPT(s) should be placed before the Board.

2. Prior approval of the Board by means of passing a resolution at its meeting shall be required in respect of the following transactions:

- (i) sale, purchase or supply of any goods or materials;
- (ii) selling or otherwise disposing of, or buying, property of any kind;
- (iii) leasing of property of any kind;
- (iv) appointment of any agent for purchase or sale of goods, materials, services or property;
- (v) such Related Party's appointment to any '*office or place of profit*' (as defined in the Act) in the Company, its subsidiary company or associate company; and
- (vi) Underwriting the subscription of any securities or derivatives thereof, of the Company.

However, **prior approval of the Board shall not be required** for any transaction(s) entered into by the Company in its ordinary course of business and on arm's length basis.

**c. Shareholders:**

Prior approval of the shareholders by way of a resolution shall be sought in respect of the following transactions:

| Sr. No.  | Type of transaction  | Limits                                       |
|--|--|--|
| 1  | Sale, purchase or supply of any goods or materials, directly or through appointment of agent               | 10% or more of the Company's turnover        |
| 2  | Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent | 10% or more of the Company's net worth       |
| 3  | Leasing of property of any kind  | 10% or more of the Company's turnover        |
| 4  | Availing or rendering of any services, directly or through appointment of agent                            | 10% or more of the Company's turnover        |
| 5  | Appointment to any office or place of profit in the Company, its subsidiary company or associate company   | Monthly remuneration exceeding Rs. 2.5 lakhs |
| 6  | Remuneration for underwriting the subscription of any securities or derivatives thereof                    | Exceeding 1% of the Company's net worth      |
| <p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1) <i>The limits specified in points 1 to 4 shall apply for transaction(s) to be entered into either individually or taken together with previous transactions during a financial year;</i></li> <li>2) <i>The turnover and net-worth shall be computed basis the audited financial statements of the preceding financial year.</i></li> </ol> |  |  |

Further, all Material RPTs and subsequent Material Modifications shall require **prior approval of the shareholders** through resolution and no Related Party shall vote to approve such resolutions, whether the entity is a Related Party to the particular transaction or not. However, prior approval of the shareholders of the Company shall not be required for a RPT to which the listed subsidiary is a party (but the Company is not a party), if regulation 23 and regulation 15(2) of the SEBI Listing regulations apply to such listed subsidiary.

#### **7. Related Party Transactions not pre-approved under this Policy**

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the AC. The AC shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The AC shall also

examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

In the event the committee decides to ratify the contract or arrangement, such contract or arrangement must be ratified within the timeline as specified under the Act and SEBI Listing Regulations.

In any case, where the AC determines not to ratify a RPT 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 RPT, the Committee has authority to modify or waive any procedural requirements of this Policy, in accordance with the provisions of the Act and SEBI Listing Regulations.

## 8. Register

The Company shall maintain a register of RPTs in Form MBP 4 or such other Form as may be prescribed under the Act.

## 9. Disclosures

### a. Board Report:

Every contract or arrangement entered into as per section 188(1) of the Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

### b. Stock Exchange ("SE"):

| As on current date  | On / After 1 April 2022  | On / After 1 April 2023   |
|---|--|---|
| Disclosure of RPT on a consolidated basis- <i>within thirty (30) days from the date of publication of the Company's standalone and consolidated financial results for the half year</i> | Disclosure of RPT- <i>within fifteen (15) days from the date of publication of the Company's standalone and consolidated financial results, every 6 months</i> | Disclosure of RPT- <i>On the date of publication of the Company's standalone and consolidated financial results, every 6 months</i> |

### c. Company website:

Events / information disclosed to the SE under regulation 30 of the SEBI Listing Regulations shall be hosted on the Company's website;

The RPT disclosures mentioned in Paragraph 9(b) above shall be disclosed on the Company's website.

**d. Annual Report:**

Disclosures to be made under the SEBI Listing Regulations in the '*Corporate Governance Report*' section, which forms part of the Annual Report:

- (i) Disclosures on materially significant RPTs that may have potential conflict with the interests of the listed entity at large;
- (ii) Disclose the weblink of the Policy dealing with RPTs;
- (iii) Where the Board has not accepted any recommendation of the AC (mandatorily required) in the relevant financial year, the same shall be disclosed with reasons.

**(Note:** This condition shall **only apply** where recommendation / submission by the AC to the Board for approval is required and **shall not apply** where prior approval of the AC is required for undertaking any transaction under the SEBI Listing Regulations)

**10. Interpretation**

In any circumstance where the terms of this Policy differs from any existing or newly enacted law, rule, regulation or standard governing the Company; the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

**11. Dissemination**

The Company shall host this Policy on its website and a web-link thereto shall be provided in the Annual Report of the Company.

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