

# **CYBELE INDUSTRIES LIMITED**

## **RELATED PARTY TRANSACTION POLICY**

*(letter in italic are inserted in accordance with the SEBI (LODR) regulation as amended)*

### **1. Preamble**

The Board of Directors (the "Board") of Cybele Industries Limited (the "Company" or "CIL"), has adopted the following policy and procedures with regard to Related Party Transactions. *The Audit Committee will review the policy from time to time and propose the amendment required, if any, to the Board of Directors.*

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

### **2. Purpose**

*This policy is framed as per requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). It is intended to ensure there is proper approval and reporting of transactions between the Company and its Related Parties in accordance with provisions of the Companies Act, 2013 and relevant rules made thereunder (the "Act") and SEBI LODR or any other law for the time being in force.*

### **3. Definitions**

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted in accordance with relevant provisions of the SEBI LODR and the Act

**"Board"** means Board of Directors of the Company

**"Key Managerial Personnel or KMP"** means:

- (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; and
- (v) such other officer as may be prescribed under the applicable statutory provisions/regulations

**"Material Related Party Transaction"** transaction with a related party shall be considered material if the transaction/transaction 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.

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*A transaction involving payment 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, exceeds two percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company*

**“Policy”** means Related Party Transaction Policy

**“Related Party”** means an entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Act which are as follows:
  - (i) a director or his relative;
  - (ii) a key managerial personnel or his relative;
  - (iii) a firm, in which a director, manager or his relative is a partner;
  - (iv) a private company in which a director or manager or his relative is a member or director;
  - (v) a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
  - (vi) anybody 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;
  - (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act:  
  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is –
  - (A) a holding, subsidiary or an associate company of such company;
  - OR
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) Director other than Independent director or key managerial personnel of the holding company or his relative with reference to a company; or

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- (ii) *any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party*
- (iii) *such entity is a related party under the applicable accounting standards for the time being in force*

*For the purpose of the Indian Accounting Standard-24 (IndAS-24), the following terms are used with the meanings specified*

*Related party - A related party is a person or entity that is related to the entity that is preparing its financial statements ('reporting entity')*

- (a) *A person or a close member of that person's family is related to a reporting entity if that person:*
  - (i) *has control or joint control of the reporting entity;*
  - (ii) *has significant influence over the reporting entity; or*
  - (iii) *is a member of the key management personnel of the reporting entity or of a parent of the reporting entity*
- (b) *An entity is related to a reporting entity if any of the following conditions applies:*
  - (i) *The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)*
  - (ii) *One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)*
  - (iii) *Both entities are joint ventures of the same third party*
  - (iv) *One entity is a joint venture of a third entity and the other entity is an associate of the third entity*
  - (v) *The entity is controlled or jointly controlled by a person identified in (a)*
  - (vi) *A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)*

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(vii) *The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity*

*Close members of the family of a person are those family members whomay be expected to influence, or be influenced by, that person in their dealings with the entity including:*

- (a) that person's children, spouse or domestic partner, brother, sister, father and mother;*
- (b) children of that person's spouse or domestic partner; and*
- (c) dependants of that person or that person's spouse or domestic partner*

*Compensation includes all employee benefits (as defined in Ind AS 19, Employee Benefits) including employee benefits to which Ind AS 102, Share based Payments, applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity.*

*Compensation includes:*

- (a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;*
- (b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;*
- (c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;*
- (d) termination benefits; and*
- (e) share-based payment.*

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*Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.*

*The terms 'control' and 'investment entity', 'joint control' and 'significant influence' are defined in Ind AS 110, Ind AS 111, Joint Arrangements, and Ind AS 28, Investments in Associates and Joint Ventures, respectively and are used in this Standard with the meanings specified in those Ind AS.*

**“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. 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 and includes anyone who is related to another, if:

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife;
- 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;
- ix. Brother (including step-brother);
- x. Sister (including step-sister);

#### **4. Approval process**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

#### **5. Identification of Potential Related Party Transactions**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him / her as a "Related Party" and any other additional information about the transaction that the Board / Audit Committee may reasonably require to determine whether any transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

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### **6. Prohibitions related to Related Party Transactions**

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related

Party Transactions proposed to be entered into by the company subject to the conditions as contained in the SEBI LODR and / or other Statutes / Rules / Regulations, as amended from time to time.

The following are the criteria for granting the omnibus approval:

- transactions entered into by the company in its ordinary course of business and on an arm's length basis
- transaction take place at prices ruling at the time of the transaction
- orders are placed by or on the related party as and when the goods and / or services are required by the related party / the Company
- annual orders are placed by or on the related party on the company where quantities are advised by the Company / related party based on actual requirements from time to time

Further, all Material Related Party Transactions shall require approval of the shareholder through ordinary resolution and all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

*The following transactions will also require prior approval of the shareholder through a resolution if they are not in ordinary course of business or not on arm's length basis and voting restrictions for this purpose would be governed by the Act, as amended from time to time:*

- Sale, purchase or supply of goods or materials, directly or through appointment of agent amounting to 10% or more of the turnover of the Company;*
- Selling or disposing or purchasing of property of any kind, directly or through appointment of an agent, amounting to 10% or more of the net worth of the Company;*
- Leasing of property of any kind amounting to 10% or more of the turnover of the Company;*
- Availing or rendering of any services, directly or through appointment of an agent amounting to 10% or more of the turnover of the Company;*
- Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2,50,000/-; and*
- Remuneration for underwriting the subscription of any securities or derivatives of*

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*the Company exceeding 1% of the net worth of the Company*

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The Turnover / Net worth referred above shall be computed on the basis of Audited Financial statement of the Company in the preceding financial year. The limits specified in sub-clause (i) to (iv) above shall apply for the transaction(s) during a financial year, either individually or taken together.

### **7. Determination of Arm's Length**

In order to determine whether a transaction is at arm's length, the Audit Committee / Board will exercise its own judgement based on its assessment from the information furnished and the relevant factors concerning each such transaction.

### **8. Ordinary course of business**

Related Party Transactions that are part of regular business activities including any activity connected with the business operations, similar business/industry and its size shall be considered to be in the ordinary course of business. The criteria that may be considered by the Audit Committee are as below:

- Nature and scope of transaction and its consistency in general with the operations of the Company
- Possibility of entering into such transactions with third parties
- Size of transaction in relation to the prevailing market/industry trend

These are not exhaustive criteria and the Committee will assess each transaction considering its specific nature and circumstances.

### **9. Review and approval of Related Party Transactions**

The Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- (a) the audit committee shall consider the following factors for granting the omnibus approval in line with the policy on related party transactions of the listed entity:
  - The transactions are repetitive in nature
  - The approval is in the interest of the company
  - Adequacy of justification for the need of omnibus approval
  - Maximum value of transactions in aggregate and maximum value per transaction
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval

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*Further, the following shall be specified for obtaining omnibus approval which shall be valid for a period of one year:*

- *the name(s) of the Related Party*
- *the nature of the transaction, period of transaction, maximum amount of transaction that can be entered into*
- *the indicative base price/current contract price and the formula for variation in the price, if any*

*The Audit Committee may specify any additional conditions for such determination, as it may deem fit and also the Committee may also grant omnibus approval, without the above details, for unforeseen transaction subject to a value not exceeding Rs. 1 crore per transaction.*

Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- Any transaction that involves the payment of sitting fees to a director or remuneration to Key Managerial Personnel in connection with his or her duties to the Company.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits as the Related Party.

### **10. Related Party Transactions not approved under this Policy**

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 or as may be required pursuant to applicable provisions, the matter shall be reviewed by the Committee and it shall take any such action it deems appropriate viz., *including but not limited to, ratification, revision or termination of the Related Party Transaction, as it deems fit.*

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### **11. Disclosure**

*The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.*

### **12. Policy Review**

*In case of any subsequent changes in the provisions of the Act or any other regulations, including the SEBI LODR, which makes any of the provisions in the Policy inconsistent with the Act or such other regulations, such provisions of the Act or such other regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.*

*This Policy shall be reviewed by the Audit Committee / Board at least once in every three years.*

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### **Version No.: 2.0 Amendments:**

- 1. The policy was last reviewed and approved by the Audit Committee / Board at their respective meeting*