

A B Cotspin India Limited

Policy on Materiality of and Dealing with Related Party Transactions

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1. Introduction:

The Board of Directors (“Board”) of A B Cotspin India Limited (“ABCIL” or the “Company”) has adopted this Policy (“Policy”) upon the recommendation of the Audit Committee and the said Policy includes materiality threshold of Related Party Transactions and dealing with Related Party Transactions.

This Policy has been formulated in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”) read with the provisions of Section 177 and 188 of the Companies Act, 2013 (“the Act”) & relevant rules made thereunder as amended from time to time to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Purpose:

The Company recognizes that Related Party Transactions (“RPT”) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the best interest of the Company and its shareholders. This policy is framed primarily to ensure the governance and reporting of transactions between the Company and its Related Parties. The policy is also prepared for the identification and regulation of the RPTs keeping in view the provisions of the Act read with the rules made thereunder and SEBI Listing Regulations.

3. Definitions:

- a) **“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.
- b) **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Act and SEBI Listing Regulations.
- c) **“Company”** means A B Cotspin India Limited.

d) **“Key Managerial Personnel”** means “Key Managerial Personnel” as defined under the Companies Act, 2013 and the rules made thereunder.

e) **“Material Related Party Transaction”** means the following transactions:

I. A transaction with a related party, if the transaction/ transactions 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.

Notwithstanding the above, a transaction involving payments made to related party with respect to brand usage or royalty shall be considered material, if the transactions to be entered into individually or taken together with the previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

II. A transaction with related party, if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year which is not in ordinary course of business or not on arm’s length basis, exceeds the limit prescribed under the Companies Act, 2013 and rules made thereunder.

f) **“Material Modifications”** means any modification to an existing related party transaction, having variance of 25% of the existing limit.

g) **“Policy”** means policy on materiality of Related Party Transactions and dealing with Related Party Transactions.

h) **“Related Party”** means a related party as defined under the Companies Act, 2013 and SEBI Listing Regulations, as amended from time to time.

- i) **“Related Party Transactions” or “RPT”** means a transaction envisaged as a related party transaction defined under the Companies Act, 2013 and SEBI Listing Regulations, including any amendment or modification thereof, as may be applicable.
- j) **“Relative”** means a relative as defined under the Act and SEBI Regulations.
- k) **“Subsidiary Company” or “Subsidiary”** means a company as defined under Section 2(87) of the Act.
- l) **“SEBI Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- m) **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4. Review and approval of related party transactions:

4.1 Approval of Audit Committee:

- a) Prior approval of the Audit Committee shall be taken for all related party transactions and subsequent modifications including material modifications, as per the requirements of the Act and the SEBI Listing Regulations.
- b) A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual

standalone turnover, as per the last audited financial statements of the subsidiary.

- c) Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI Listing Regulations.
- d) The members of the audit committee, who are independent directors, may ratify related party transactions, subject to the compliance of conditions contained in SEBI Listing Regulations and / or under the Act read with the Rules.
- e) The Audit Committee may grant omnibus approval for certain Related Party Transactions proposed to be entered into by the Company or its subsidiary, subject to the compliance of conditions contained in SEBI Listing Regulations and / or under the Act read with the Rules including the following:
 - i. The Audit Committee shall lay down the criteria/Framework and Guidelines for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature (either in the past or in the future);
 - ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - iii. The omnibus approval shall specify the following:
 - the name(s) of the related party and its relationship with the Company, including nature of its concern or interest (financial or otherwise);
 - nature, material terms and particulars of the proposed of transaction;

- period of transaction;
- maximum amount of transaction that shall be entered into;
- the indicative base price/ current contracted price and the formula for variation in the price if any; and
- such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;

- iv. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company or its subsidiaries pursuant to each of the omnibus approvals given;
- v. Such omnibus approvals shall be valid for a period not exceeding 1(one) financial year and shall require fresh approvals after the expiry of such financial year.
- vi. In determining whether to approve a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:
 - Whether the terms of the RPT are fair and on arm's length basis to the Company.
 - Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
 - Whether the RPTs are entered in the past;
 - Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
 - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - Whether the Related Party Transaction would affect the independence of the

Directors/ KMP and

- Any other factor the Audit Committee deems relevant for reviewing and approving such RPT.

4.2 Approval of the Board of Directors

Prior approval of the Board of Directors shall be taken for entering into Related Party Transactions or modifications of the same which are not in the ordinary course of business or not on an arm's length basis or Material Related Party Transaction(s) or its subsequent material modifications, as per the requirements of the Act and the SEBI Listing Regulations. Where any director is interested in any contract or arrangement with a Related Party, such director shall not participate nor vote thereon in the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

4.3 Approval of the Shareholders

Wherever required, prior approval of the shareholders shall be taken for entering into Related Party Transactions and/or subsequent Material Modifications, as per the requirements and limits of the Act and/or the SEBI Listing Regulations. The voting on resolutions pertaining to such transactions shall be in accordance with the provisions of the Act and the SEBI Listing Regulations, as amended, both read with the respective circulars/clarifications or notifications issued in this regard by the Ministry of Corporate Affairs and the SEBI.

If permitted by the Act read with the Rules and the SEBI Listing Regulations, the aforesaid audit committee, Board and shareholders' approval shall not be required for following related party transactions and/or subsequent modifications including material modifications:

- a. transactions entered into between the Company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b. transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

- c. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

5. Interpretation:

In any circumstances where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard.

6. Disclosures:

- a. Board's Report shall contain details of RPTs as required under applicable law.
- b. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- c. The Company shall disclose the policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.
- d. A register of RPTs shall be maintained as per the Act and placed before the next Board Meeting and signed by all the directors present at the Meeting.
- e. The Company shall disclose to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis detail of all material transactions with related parties. In addition, as required under Regulation 23(9) of the SEBI Listing Regulations, the Company shall submit to the stock exchanges disclosures of related party transactions in the specified format and publish the same on its website, every six months on the date of publication of its standalone and consolidated financial results.

7. Review & Amendment:

The Board of Directors may review or amend this policy, in whole or in part, from time to time, at least once in every three years, after taking into account the recommendations from the Audit Committee.

This policy is approved by the Board of Directors at their meeting held on May 26, 2025 and shall be effective from May 26, 2025.

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