



Ambika Cotton Mills Limited

Reg Office : 15, Valluvar Street, Sivanandha Colony, Coimbatore - 641012, Tamil Nadu, India

PURPOSE OF THE POLICY

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires listed entities to formulate a policy on materiality of related party transactions and on dealing with related party transactions

OBJECT OF THE POLICY

The objective of this Policy is to set out

- (a) Materiality thresholds for related party transactions and;
- (b) The manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the company.

DEFINITIONS

Arm's length transaction ('ALP') means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Related Party", with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2 (zb) of SEBI (LODR) Regulations, 2015.

"Related Party Transaction" (RPT) means –

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub- section 1 of Section 188;
- for the purpose of Regulation 2 (zc) of SEBI (LODR) Regulations, 2015 means a transfer of resources, services or obligations between a listed entity and a related party, 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.



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MATERIALITY THRESHOLDS

A 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 ten percent of the annual turnover of the company as per the last audited financial statements.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

- (1) Audit committee to approve all related party transactions
- (2) Audit committee to grant omnibus approval for related party transactions subject to the following –
 - (a) To lay down the criteria for granting the omnibus approval on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - (b) Satisfaction with regard to the need such omnibus approval and such approvals are to be in the interest of the company;
 - (c) The omnibus approval shall specify:
 - (i) The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 it deem fit
 - (d) Granting of Omnibus approval, in cases where the need for related party transaction cannot be foreseen and required details in this respect are not available, subject to the value not exceeding rupees one crore per transaction.



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REVIEW OF APPROVAL

Audit committee to carry out Quarterly review of all related party transactions entered into by the company pursuant to each of the omnibus approvals given.

VALIDITY PERIOD OF OMNIBUS APPROVALS

Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All material related party transactions are to be approved by the shareholders through resolution. The related parties are to abstain from voting on such resolutions.

APPLICABILITY OF THE PROCEDURE FOR RELATED PARTY TRANSACTIONS

The laid down procedure, as above, is applicable to all prospective transactions.

EXISTING MATERIAL RELATED PARTY TRANSACTIONS ON THE DATE OF NOTIFICATION OF THESE REGULATIONS

There are no existing material related party contracts or arrangements prior to the date of notification of these regulations, so as to seek approval of the shareholders in the first General Meeting subsequent to notification of these regulations.