



LAXMI COTSPIN LIMITED

Policy on Related Party Transactions

CIN:- L17120MH2005PLC156866

Registered and Corporate Office:

Gut No.399, Samangaon-Kajla Road,
In Front of Meenatai Thakare Vridhashram,
Samangaon Jalna, MH-431203

Contact No: - +91-09765999633

Website: www.laxmicotspin.com

E-Mail Id: - complianceofficer@laxmicotspin.com



1. Introduction

The Audit Committee of the Board of Directors of the Company (the “Board”) is required by Section 177(4) of the Companies Act, 2013 (Act) and Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time, to approve all transactions of the Company with related parties (“RPT’s”).

The Policy on dealing with RPT’s is formulated in compliance with Listing Regulations and extant provisions Act and Rules made thereunder.

Any 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.

All capitalized 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time

2. Objective of The Policy

SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Accordingly, the Company shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

The Policy is intended to ensure timely identification of an RPT, its salient terms and conditions, detail the approval process, outline the disclosure and reporting requirements thereof and to ensure transparency in the conduct of RPT’s, so that there is no conflict of interest.

The Board has adopted this Policy with respect to RPTs on the recommendation of the Audit Committee. The Audit Committee is empowered to review and recommend amendments to this Policy as may be considered necessary from time to time.

3. Related Party Transaction

RPT can be defined as transfer of resources, services or obligations or any kind of transactions, between the Company and a related party, regardless of whether a price is charged.

A transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

4. Materiality Thresholds

Regulation 23 of the SEBI Listing Regulations requires the Company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a resolution.



Company has fixed its materiality thresholds at the level prescribed under explanation to Regulation 23(1) of the SEBI Listing Regulations as under:

- In case of Transaction involving payments made to a Related Party with respect to brand usage or royalty, if it exceeds five percent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.
- In case of any other Transaction, if the amount exceeds ten percent (10%) of the annual consolidated turnover of the Company as per last audited financial statements of the Company.

5. Manner of Dealing with Related Party Transactions

Identification of related parties:

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

Identification of related party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary

6. Approval of RPTs by the Audit Committee

All the transactions which are identified as Related Party Transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.

7. Omnibus Approval by Audit Committee

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:

- the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;



- the omnibus approval shall specify:
 - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions 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 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 rupees one crore per transaction.

- the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification

8. Approval of RPTs by the Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

9. Approval of RPTs by the shareholders

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

10. Review and approval of Related Party Transactions

The Audit Committee, Board and shareholders, as the case may be provided with all relevant information of RPTs such as rational for entering into transactions, terms & conditions, the business purpose of the transactions, the benefits to the Company and Related Party and such other information as may be prescribed.



11. RPTs not approved by the Audit Committee or the Board, as the case may be

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 of the 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. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy

12. Disclosures by the Company:

- Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement
- The Company may submit, as may be required, 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
- The details of all transactions with related parties shall be submitted on a consolidated basis, in the format specified in the relevant accounting standards, half yearly to the stock exchanges and the same shall be published on the Company's website.

13. Amendments/ Revisions to the Related Party Transactions Policy

Amendments to this Policy, as and when required or mandated, will be carried out only after the approval of the Board of Directors of the Company.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

14. Disclosure of the Policy

This Policy will be uploaded on the website of the Company.

* * * * *