



# POLICY ON MATERIALITY OF AND ON DEALING WITH RELATED PARTY TRANSACTIONS OF COOL CAPS INDUSTRIES LIMITED

Pursuant to Regulations 23(1) of SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015

Version	Revision date	Approving authority	Date of approval
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COOL CAPS  
INDUSTRIES

1. **APPLICABILITY AND EFFECTIVE DATE:**

This Policy applies to all RPTs entered / proposed to be entered into by the Company or its subsidiaries with its Related Parties and aims to regulate transactions based on the applicable laws, rules and regulations.

2. **PURPOSE:**

This policy is framed as per the requirement of Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

3. **DEFINITIONS:**

**"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 as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013.

**"Associate Company"** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation. -

- (a) For the purposes of this clause, "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement;
- (b) For the purposes of this clause, "Joint Venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

**"Audit Committee"** means the Audit Committee of the Board constituted under the provisions of Section 177 of the Companies Act, 2013("Act").

**"Board"** means the Board of Directors of Cool Caps Industries Limited;

**"Company"** means Cool Caps Industries Limited;

**"Key Managerial Personnel"** or "KMP" means Key Managerial Personnel as defined in section 2(51) or as designated under section 203 of the Act, as amended from time to time.

and shall include a Compliance Officer under Regulation 6 of the Listing Regulations.

**"Material Related Party Transactions"** shall mean:

**A. Under the Listing regulations**

- a. Any transaction to be entered 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 Rs. 50 crores (fifty crores) or 10% (ten per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the

Company, whichever is lower; which includes

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 transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## **B. Under the Act**

A transaction, as specified defined under Section 188(1) of the Act, where the aggregate value of the transaction to be entered into, either individually or taken together with previous transactions, during a financial year (wherever applicable), exceeds the thresholds as prescribed under rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 (“MBP Rules”).

**“Material Modification(s)”** shall mean any modification made in the terms and conditions of any ongoing Related Party Transaction, as originally approved by the Audit Committee and/ or Board/Shareholders, as the case may be, which, either individually or taken together with previous modifications during a financial year, results in significant impact, including the criteria illustrated below, on the nature, value, tenure, exposure, or financial impact on such transaction ;

Inclusive list of rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following:

- i. The terms of the contract cease to be arms’ length;
- ii. Any modification of pricing, value, mode of repayment, *etc.*, of a contract which has a financial implication of 25% or more of the contract, or Rs 10 crores, whichever is higher;
- iii. Granting of any waiver, abatement or any other relief to either party, which results into a financial implication equal to 25% or more of the value of the contract;
- iv. Extension of tenure of the contract by 25% or more of the original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances;
- v. Any modification which results into the claims of either party being subordinated, or relaxation of security interest:

Provided further that the following shall not be considered as material modification:

- i. Giving any consent for cessation of *pari passu* charge or any other security interest, provided there is adequate asset cover.
- ii. Any novation of the contract or arrangement to a third party.
- iii. Modifications which may be mandated pursuant to a change in law;
- iv. Modifications pursuant to and in accordance with the terms of the approved transaction/ contract, whether with or without mutual consent of parties, as the case may be;
- v. Modifications resulting from change in constitution of either of parties pursuant to scheme of arrangement (eg. merger, amalgamation, demerger, etc.) approved by the appropriate authority;

- vi. Modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- vii. Modifications uniformly affected for similar transactions with unrelated parties.

**"Ordinary course of business"** includes but is not limited to a term for activities that are necessary, normal, and incidental to the business. Indicative factors for determining the term ordinary course of business:

- (i) is normal or otherwise for the particular business (i.e. features, system, processes, advertising, staff training, etc.)
- (ii) is frequent and regular
- (iii) is a source of income to the business
- (iv) involves significant allocation / investment of resources
- (v) is involved in a service or product that is offered to customers.

**"Policy"** means this Policy on "Policy on Materiality Of And On Dealing With Related Party Transactions Of Cool Caps Industries Limited".

**"Related Party"** means a related party as defined under Regulation 2(1)(zb) of the Listing Regulations or under the applicable accounting standards as amended from time to time.

**"Related Party Transaction (RPT)"** means as defined under Regulation 2(1)(zc) of the Listing Regulations, as amended from time to time.

Further, following transactions shall not be considered as RPT:

1. 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.
2. The following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - a. Payment of dividend
  - b. Subdivision or consolidation of securities
  - c. Issuance of securities by way of a rights issue or a bonus issue
  - d. Buy-back of securities.
3. Retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

**"Relative"** means as defined under section 2(77) of the Companies Act and Regulation 2(1)(zd) of the Listing Regulations.

**"Subsidiary Company"** means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

**"Transaction"** with a related party shall be construed to include a single transaction or a group of transactions.

#### **4. IDENTIFICATION OF RELATED PARTIES AND RPTs:**

1. Each Director and KMP shall be responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as "Related Party" by virtue of him /her being a Director/KMP in the Company. Such notice shall be provided to the Company at the time of appointment and also at the time of first board meeting of every financial year and immediately whenever there is any change in the disclosures already made.
2. Each Director and KMP shall be responsible for providing a notice to the Board or Audit Committee, of any potential RPTs involving him or her or their Relatives, including any additional information about the transaction that the Board /Audit Committee may reasonably request.
3. Such notice shall be given to the Company well in advance so that the Board / Audit Committee has adequate time to obtain and review information about the proposed transaction.
4. In addition to the above, the Board / Audit Committee is required to identify other Related Parties based on control exercised by the Company on them and vice-versa within the meaning of Companies Act, 2013, Listing Regulations and applicable Accounting Standards.
5. The Company Secretary and/or Secretarial Department shall prepare and maintain the database of Related Parties on the basis of aforesaid information/declaration including any revisions therein.
6. The Company Secretary and /or Secretarial Department shall also maintain a list of Related Parties of its subsidiaries, which may be sourced from respective subsidiaries on a periodic (preferably quarterly or earlier) basis or as and when needed.
7. The list of Related Parties of the Company and its subsidiaries maintained by the Company Secretary and/or Secretarial Department shall be placed before the Board / Audit Committee, as and when updated and shall be reviewed on a quarterly basis.
8. Adequate systems must be in place to ensure that the RPTs to which the Company is not a party, but the subsidiary is a party, shall be brought to the information of the Company in a timely manner, for necessary approvals, wherever required as per this Policy.
9. The Company shall also endeavor to determine the transactions which are entered into with unrelated parties, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.
10. The Audit Committee shall identify such managers, departmental heads and such other employees ("Designated Employees") who are authorised for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and its subsidiaries and circulate the list of Related Parties to

all such Designated Employees of the Company and its subsidiaries along with the approval thresholds for entering into transactions with such Related Parties.

## **5. PROCESS OF APPROVAL FOR RELATED PARTY TRANSACTIONS:**

### **1. AUDIT COMMITTEE APPROVAL**

All Related Party Transactions proposed to be entered into by the Company and subsequent modifications thereto shall be subject to the prior approval of the Audit Committee in accordance with this Policy including the transactions to be entered into in the ordinary course of business. Only those members of the Audit Committee who are independent directors, shall approve RPT. The Audit Committee may at its discretion recommend any RPT for the approval of the Board of Directors or the Shareholders of the Company as per the terms of this Policy and in accordance with the applicable laws

RPTs 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 (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary of the Company. This clause shall not be applicable for listed subsidiaries, if any, of the Company.

In exceptional cases, where an approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the competent authority as per this Policy may ratify the transaction(s) in accordance with this Policy.

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 Listing Regulations.

The concerned Head of departments (HODs) / [o] (HOPs) shall place an agenda before the Audit Committee and / or the Board of Directors of all Related Party Transaction(s) requiring approvals (including omnibus approval or ratification) in accordance with this policy.

The concerned HOD/HOPs shall also be responsible to place the agenda for review of the Audit Committee on a quarterly basis, the details of RPTs entered into by the Company, if any, pursuant to each of the omnibus approval obtained under this Policy.

While submitting the proposal for approval of Audit Committee/ Board/ Shareholders, the information as prescribed under as specified in the Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction” vide NSE Circular Ref. No: NSE/CML/2025/05 dated February 15, 2025 shall be provided in addition to the following details:

- a. name of the related party and nature of relationship, nature of transaction, period of

- transaction, maximum amount of transaction that can be entered into;
- b. particulars of the contract or arrangement including material terms of and the value, if any;
  - c. any advance paid or received for the contract or arrangement, if any
  - d. manner of determining the pricing (indicative base price / current contracted price and the formula for variation in the price, if any) and other commercial terms, both included as part of contract and not considered as part of the contract;
  - e. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
  - f. any other information relevant or important for the approving authority to take a decision on the proposed transaction.

A director or KMP shall not be present in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director / KMP shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.

No member of the Company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party for such contract or arrangement.

#### **Omnibus Approval**

Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the Company or its subsidiary subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and as per Applicable Laws and such approval shall be applicable in respect of transactions which are repetitive in nature and are on an arm's length basis;
- b) Transactions are frequent / regular/ repetitive in nature and are in the normal course of business of the Company.
- c) Such omnibus approval is in the best interest of the company.
- d) Where the need for related party transaction cannot be foreseen and firm details are not available, audit committee may grant omnibus approval for the transactions whose value does not exceed rupees one crore per transaction
- e) Such omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, duration of transaction, maximum amount of transaction that can be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price, if any;
  - (iii) Such other information as prescribed under as specified in the Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction" vide NSE Circular Ref. No: NSE/CML/2025/05 dated February 15, 2025, and;



- (iii) such other conditions as the Audit Committee may deem fit.
- f) The Audit Committee shall review the details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approval granted, at least on quarterly basis.
  - g) The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval for next financial year.
  - h) Such omnibus approval shall be granted preferably any time before the beginning of the financial year for which approval of the Audit Committee is sought or any time prior to entering into such transaction and such approvals shall be valid till the conclusion of the immediately following financial year or till conclusion of the financial year respectively.
  - i) The transactions for which omnibus approval (for a period not exceeding one financial year) of the Audit Committee has already been sought will not require prior approval of the Audit Committee for each transaction entered into pursuant to the same
  - j) Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same.
  - k) Notwithstanding the generality of the foregoing, the Audit Committee shall not grant omnibus approval for the following transactions:
    - (i) Transactions which are either not in the ordinary course of business or not on an arm's length basis;
    - (ii) Transactions in respect of selling or disposing of the undertaking of the Company;
    - (iii) Transactions which are not in the interest of the Company;
    - (iv) Such other transactions specified under Applicable Law from time to time.
  - l) Shareholders' omnibus approval of RPTs approved in an AGM shall be valid upto the date of the next AGM for a period not exceeding fifteen months.
  - m) In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.
  - n) Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting for the approval of the Related Party Transaction
  - o) The Audit Committee shall be entitled to call for such additional information/ documents in order to understand the scope of the proposed Related Party Transaction and recommend an effective control system for the verification of the supporting documents.
  - p) The Audit Committee shall also be entitled to engage the services of external consultants for advisory on continual compliances and reviewing the Related Party Transactions of the Company.
  - q) In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from the Company's business point of view, in the interest of the Company, to



enter into a transaction with a Related Party.

- r) Approval of the Audit Committee shall not be required for any transaction which has been entered into by the Company with its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the general meeting for approval. However, approval shall be required in case of Related Party Transaction entered into between the Company and its wholly owned subsidiary for transactions referred to in section 188 of the Act.
- s) RPT to which a listed subsidiary of Company is a party but the Company is not a party wherein Regulation 15(2) and 23 of Listing Regulations is applicable to such subsidiary. In such cases prior approval of the audit committee of such listed subsidiary shall suffice.
- t) Related Party Transactions that are not on an arm's length basis, irrespective whether the transactions are covered under section 188 or not, shall not be approved by the Audit Committee and shall be recommended to the Shareholders for appropriate action.
- u) The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
- v) A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise not pre-approved by the Audit Committee, shall be placed before the Audit Committee for ratification.

## **2. APPROVAL OF THE BOARD**

- i. Prior approval of Board in case of Related Party Transaction(s) shall be required in the following cases
  - a. Related Party Transaction or any modification thereto u/s 188 of the Act, except where the RPT is in the ordinary course of business or on an arm's length basis;
  - b. Audit Committee determines that a Related Party Transaction should be brought before the Board;
  - c. Board in any case elects to review any Related Party Transaction suo-moto; or
  - d. Related Party Transaction needs to be approved by the Board under any law for the time being in force.
- ii. The Board shall, prior to/ while reviewing the RPTs, consider factors such as:
  - a. Name of the related party and nature of relationship;
  - b. Nature, duration and particulars of the transaction;
  - c. Material terms of the contract or arrangement, including the value;
  - d. Any advance paid or received for the contract or arrangement;
  - e. The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract; and
  - f. The business rationale for entering into such a transaction;
  - g. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
  - h. Such other information relevant or important for the Board to take a decision on the proposed transaction.

- iii. Subject to Audit Committee's approval, the Board may require modifications to the terms of transactions as they may deem appropriate under the circumstances.
- iv. The considerations set forth above in case of the Audit Committee shall also apply to the Board's review and approval of the proposed Related Party Transaction with such modification as may be necessary or appropriate under the circumstances
- v. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting for the approval of the Related Party Transaction.
- vi. All Material Related Party Transactions and subsequent Material Modifications as approved and referred by the Audit Committee for Shareholder's Approval shall be placed before the Board for its consideration and approval

### **3. SHAREHOLDER'S APPROVAL**

All Material Related Party Transactions (including subsequent Material Modifications thereto) or Related Party Transactions which are not in the ordinary course of business or not at an arm's length basis or which exceeds the thresholds as prescribed under Rule 15 of (Meeting of Board and its Powers) Rules, 2014 *i.e.* a Material Related Party Transaction under the Act, shall require prior approval of the Shareholders

1. No Related Party shall vote to approve such Related Party Transactions whether the concerned person / entity is a Related Party to the particular transaction or not.
2. For Related Party Transactions of unlisted subsidiaries of a listed subsidiary of Company, the prior approval of the shareholders of the listed subsidiary shall suffice.
3. The Shareholders shall be provided with the information as may be prescribed under the Applicable Laws.

### **6. RATIFICATION OF RELATED PARTY TRANSACTIONS:**

#### **1. Ratification by Audit Committee**

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of Regulation 23;
- v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this Policy and failure of the internal control system and shall take any such actions it deems appropriate

## **2. Ratification by Board/Shareholders**

For transactions that are required to be approved by the Board/Shareholders, but not approved prior to its consummation, the same shall also be required to be ratified by the Board/Shareholders within a period of three months from the date of entering into such a transaction.

If such transactions are not ratified within the given period, they shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the transaction is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

In any case where either the Audit Committee / Board / Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee /Board / Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

## **3. Exceptions to approvals:**

The above approval of Audit Committee, Board and Shareholders as the case may be is not required if:

- a. Subject to transactions covered u/s 188 of the Act, RPTs entered into between the Company and its wholly owned subsidiary(ies) 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. Approval of Audit committee shall not be required for 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, provided that the same is not material in terms of the provisions of regulation 23(1) of Listing Regulations.

## **7. DISCLOSURES:**

- i. Every Contract or arrangement entered with Related Parties in line with Section 188 of the Companies Act 2013 which are not on arm's length basis or are material RPT under the Act shall be reported in the Board's Report of the Company.
- ii. The Company shall submit half yearly disclosures of RPTs, including ratifications, if

any, to the Stock Exchanges along with the publication of financial results on standalone or consolidated basis in such format as may be prescribed by SEBI under regulation 23(9) of the Listing Regulations and publish the same on its website.

Provided remuneration and sitting fees paid by the Company or its subsidiary to its director, KMP or senior management, except who is part of promoter or promoter group, shall not require disclosure in half-yearly disclosure under reg. 23(9), provided that the same is not material in terms of the provisions of regulation 23(1) of the Listing Regulations.

- iii. The Company shall disclose the policy of Related Party Transactions on its website and weblink thereto shall be provided in the Annual Report of the Company
- iv. Name of all related parties & nature of relationships & details of all related party transactions should be disclosed in the financial statement as per Ind AS 24.
- v. Enter all contracts or arrangements with a related party with respect to transactions entered with any Related Party or where the director of the Company is concerned or interested under section 188 of the Act in MBP-4 i.e. Register of contracts with related parties and contracts and Bodies etc. in which directors are interested.
- vi. In addition to the above-mentioned disclosures, all Related Party Transactions including Material Related Party Transactions, agreements, arrangements and contracts will be disclosed from time to time as required under the Companies Act, 2013 (as amended from time to time), Listing Regulations (as amended from time to time) and as per the applicable Indian Accounting Standards.
- vii. The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report of the Company.

#### **8. LIMITATION, REVIEW AND AMENDMENT:**

The Audit Committee and Board shall periodically review this Policy at least once in every 3 years. The Audit Committee may, as it deems appropriate and reasonable, establish from time-to-time guidelines regarding the review of RPTs.

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



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