WINSOME YARNS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. The Policy

The Company shall engage with Related Parties in the ordinary course of its business and on an arm's length basis, as applicable, with the objective of leveraging resources, capabilities, expertise and operational synergies to support the Company's business activities and create value for its stakeholders, while ensuring that all transactions with Related Parties are undertaken in accordance with applicable laws, regulations, accounting standards and corporate governance requirements.

2. Objective of the Policy

The Board of Directors ("the Board") of Winsome Yarns Limited, after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions, in line with the requirements of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as amended from time to time, respectively.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

3. Definitions and Applicability

All capitalized terms used in this policy document but not defined herein shall have the meaning ascribed to such term in the Companies Act, 2013 and the Rules framed there under and the SEBI LODR Regulations, or any other applicable law or regulation, each, as amended from time to time.

The Audit Committee of the Company shall review all Related Party Transactions as a matter of good governance and suggest such actions, if required, that are consistent with the approach outlined in this Policy namely of executing Related Party Transactions that are in the ordinary course of business and at arm's length.

4. Dealing with Related Party Transactions

In dealing with Related Party Transactions, the Company will follow the following approach:

I. Identification of Related Party Transactions

All Promoters, Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

II. Approval and Review of Related Party Transactions

A. Audit Committee

Unless otherwise provided under applicable laws, all Related Party Transactions and subsequent material modifications must be brought to the notice of the Audit Committee of the Company. The Audit Committee shall consider all relevant factors while deciding on the proposal for approval of Related Party Transactions.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

a) Repetitiveness of the transactions (in past or in future);
b) Justification for the need of omnibus approval.

Subject to such criteria/conditions as mentioned under the Act, SEBI Listing Regulations or any other applicable provisions and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:

a) Maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year;
b) Maximum value per transaction which can be allowed;
c) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
d) Review of RPTs at such intervals as the Audit Committee may deem fit, entered into by the Company pursuant to each of the omnibus approval made;
e) Transactions which cannot be subject to the omnibus approval by the Audit Committee.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

a) The transaction in question is necessary to be executed as it is in the business interest of the Company;
b) The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at arm's length and in ordinary course of business;
c) Such omnibus approval shall specify
    i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
    ii) the indicative value and the formula for variation in the value, if any and
    iii) 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 based on the criteria as may be decided by the Committee, subject to such limits as may be prescribed by the Act & SEBI Listing Regulations.

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one year.

The Audit Committee shall, on quarterly basis, review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

Omnibus approval shall not be made for the following Related Party Transactions:

a) transactions not in the ordinary course of business or not at arm's length.
b) transactions in respect of selling or disposing of the undertaking of the Company.
c) transactions which are not repetitive or unforeseen in nature.
d) any other transaction as may be specified by the Audit Committee.

In an unforeseen event where a Related Party Transaction, for which omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

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

a) 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;
b) the transaction is not material in terms of the provisions of sub-regulation (1) of the SEBI LODR Regulations;
c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
d) 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 the SEBI LODR Regulations;
e) 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 listed entity against any loss incurred by it

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, shall also recuse himself or herself and abstain from discussion and voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions and voting with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company in accordance with this policy, provided that only such members of the Audit Committee who are Independent Directors, shall approve such Related Party Transactions.

A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a Company (if any) 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, exceeds the lower of the following:

(i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
(ii) the threshold for Material RPT of the Company as specified in Schedule XII of these regulations.

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a Company (if any) is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

(i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
(ii) the threshold for Material RPT of the Company.

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee.

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 sub-regulation (1) of SEBI LODR Regulations.

B. Board of Directors

Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:

a) All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis;
b) Material Related Party Transactions which are proposed to be placed before the Shareholders for approval.
c) Related Party Transactions not approved by the Audit Committee and where the Committee is of the opinion that the same should be placed before the Board of Directors;
d) Related Party Transactions for which approval of the Board of Directors is mandatory under any applicable law for time being in force;
e) Any Material Modification to the Related Party Transactions already approved by the Board of Directors.

Any member of the Board who has a potential interest in such Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions and voting with respect to other Related Party Transactions placed for approval of the Board.

C. Shareholders

Following Related Party Transactions shall require prior approval of the Shareholders of the Company:

a) Material Related Party Transactions and Material Modifications thereto.
b) Transactions specified in Section 188(1) of the Act which:
   i) are not in the ordinary course of business and/or not on arm's length terms; and
   ii) exceed the thresholds specified in Act and Rules made thereunder.

No member of the Company shall vote on the resolution to approve any transaction referred to above, if such member is a related party to the proposed contract or arrangement. All other entities falling under the definition of Related Parties shall not vote to approve the Related Party Transaction.

III. Material Related Party Transaction and Subsequent Material Modification

The following materiality threshold shall apply for the Material Related Party Transactions and subsequent Material Modification for the purposes of the Act and SEBI Listing Regulations:

a) Transactions with a Related Party covered under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, shall be governed by the respective limits provided under the said rules.
b) Transactions with a Related Party as defined under the SEBI Listing Regulations, materiality threshold shall be as per limits specified under the SEBI Listing Regulations as amended from time to time.
c) For payment to a Related Party with respect to brand usage or royalty, materiality threshold shall be as per limits specified under the SEBI Listing Regulations as amended from time to time.
d) Modification to a Material Related Party Transaction shall be considered as 'Material Modification' if there are major variations in the terms of agreement with existing Related Parties or changes in the regulatory framework affecting the pricing guidelines of Related Party Transactions or changes higher than the existing limits as approved by the Audit Committee. The Audit Committee of the Company shall have the final authority in deciding the materiality of the modification to Related Party Transactions.

IV. Related Party Transactions of Subsidiary Companies (If any):

Related Party Transactions to which only unlisted subsidiary of the Company is a party shall require prior approval of the Audit Committee of the Company if the total transaction exceeds the thresholds as prescribed by the SEBI Listing Regulations from time to time.

Requirement of obtaining approval from the Audit Committee or Board or Shareholders of the Company shall not be applicable in the following cases:

a) transactions entered into between two public sector companies;
b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand
f) Any other transaction for which approval of the Audit Committee or Board or Shareholders, is not required or exempted pursuant to provisions of the Act, SEBI Listing Regulations or any other applicable law.

V. Summary of Approvals

The approvals required for related party transactions have been summarised in the table below:

Transactions	**Stage / Nature of Modification**	**Audit Committee**	**Board of Directors**	**Shareholders**
Non-material RPTs (as per SEBI Listing Regulations)	Initial	Yes	No	No
	Material modifications	Yes	No	No
Material RPTs (as per SEBI Listing regulations)	Initial	Yes	Yes	Yes
	Material modifications	Yes	Yes	Yes
All RPTs at arm's length and in ordinary course of business under Section 188 of the Act	Irrespective of limits specified under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 or not	Yes	No	No
All RPTs not at arm's length or not in ordinary course of business under Section 188 of the Act.	Within limits specified under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014	Yes	Yes	No
	Exceeding limits specified under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014	Yes	Yes	Yes

VI. Disclosure(s)

The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI LODR Regulations, the Act as well as additional information specified by SEBI from time to time, for review and approval of the Audit Committee of the Related Party Transactions and in the statement to the Notice being sent to shareholders seeking their approval for proposed Related Party Transactions, as applicable.

As per the Industry Standards, the explanatory statement contained in the Notice sent to the shareholders for seeking their approval for Related Party Transactions shall provide the minimum information so as to enable the shareholders to take a view whether the terms and conditions of the Related Party Transactions are favorable to the Company.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

The Company shall submit the disclosure of Related Party Transactions to the stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/ stock exchanges from time to time and within statutory timelines. The Company shall simultaneously publish the same on its website.

VII. Adoption & Amendment to the Policy

The Board of Directors based on the recommendation of the Audit Committee of the Company shall review this Policy atleast once in three years or such other earlier periodicity as it may deem fit and may amend this Policy from time to time. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

This Policy was reviewed and amended by the Board on 23-09-2026.

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