



SCOOBEE DAY GARMENTS (INDIA) LIMITED

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

Adopted on: 4th November, 2021
First Revision on: 12th August, 2024
Second Revision on: 29th May, 2026

1. Scope of this Policy

Scoobee Day Garments (India) Limited (“SDGIL” or “the Company”) shall engage with Related Parties in the ordinary course of business and on an arm’s length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers while ensuring that transactions with Related Parties are, fully compliant with applicable law & regulations.

2. Objective of the Policy.

This Policy aims to ensure compliance of applicable provisions of the Companies Act, 2013 & Rules made there under (“the Act”), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended or re-enacted from time to time (“Listing Regulations”) and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

3. Definitions and Applicability

All capitalised terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Act and the Rules framed there under, the SEBI Listing Regulations and the applicable Accounting Standards 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

I. Identification of Related Party Transactions:

All Promoters, Directors and Key Managerial Personnel (“KMPs”) are responsible for informing the Company of their interest (including interest of their Relatives (as may be applicable) 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, 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. On the basis of criteria prescribed under the applicable laws and as per the aforesaid declaration(s)/ disclosure(s)/ notice(s) received from the Promoters, Directors and KMPs, the list of related parties shall be compiled and updated from time to time.

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. Review and Approval of Related Party Transactions

A. Approval by the Audit Committee:

Unless otherwise provided under applicable laws, all Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company in accordance with this Policy. The Audit Committee shall consider all relevant factors while deciding on the proposal for approval of Related Party Transactions.

The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions which are repetitive in nature, 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, 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;

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 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.

Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only, provided the conditions and limits prescribed under SEBI Listing Regulations as amended from time to time, are met.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

In case of a failure to seek ratification of the Audit Committee, the transaction is voidable at the option of the 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.

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.

B. Approval of the Board:

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. Approval by the 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 variation in the terms of agreement with existing Related Parties or changes in the regulatory framework affecting the pricing guidelines of Related Party Transactions or change to the extent of 20% 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:

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 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) 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	Initial	Yes	Yes	Yes

SEBI Listing regulations) Transactions	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. Deemed approval of Related Party Transactions.

Following transactions, which are specifically dealt with in terms of specific provision(s) of the applicable laws and executed under separate procedures/ approvals mechanism, shall not require separate approval under this Policy provided the value of transaction(s) does not breach the prescribed materiality thresholds for Related Party Transactions:

- a. Any transaction pertaining to remuneration (including any variation thereof) of Directors and KMPs, who are not part of the promoter / promoter group, that has already been approved by the Nomination and Remuneration Committee of the Company and the Board;
- b. Shares based incentive plans for the benefit of Directors and KMPs, which are also extendable to other employees of the Company, approved by the Shareholders including ESOPs.
- c. Corporate actions which are uniformly applicable to all Shareholders including Related Parties;
- d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Act or the SEBI Listing Regulations;
- e. Contribution to Corporate Social Responsibility (CSR) obligations, subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

VII. Minimum Information to be provided for approval (including ratification) of Related Party Transactions.

All Related Party Transactions (including any material modification thereto) placed before the

Audit Committee for its review and approval of a Related Party Transaction shall be accompanied by the requisite information as prescribed under the Industry Standards on Minimum Information to be Provided to the Audit Committee and Shareholders for Approval of Related Party Transactions ("Standards"), as amended from time to time.

Further, any notice issued to shareholders seeking approval for any Related Party Transaction (including any material modification thereto) shall include, as part of the explanatory statement, all disclosures mandated under the Act, as well as the additional information specified in the Standards.

VIII. Disclosure(s)

Details of all Related Party Transactions, including the transactions that are deemed to be approved under Para V, on a consolidated basis shall be submitted to the Stock Exchanges and disseminated on the website of SDGIL, on a half yearly basis, along with the half yearly standalone financial statements.

The Company shall disclose this Policy 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 yearly threshold limits for the Related Party Transactions as approved by the Audit Committee and / or Board of the Company shall be considered and read to be a part of this Policy.

IX. Governance of the Policy

The Company has a proactive governance framework to ensure that all Related Party Transactions are evaluated and approved with the highest standards of transparency and compliance. The Audit Committee may at its discretion require Related Party Transactions to be reviewed and certified by independent valuation and accounting firms to validate adherence to the ordinary course of business and arm's length principle. The Audit Committee, in fulfilling its oversight responsibilities, will leverage these independent certifications along with legal and regulatory considerations to make informed decisions.

The Company may constitute a Steering Committee which will be headed by the Chief Financial Officer and the Company Secretary and will have such members from Finance, Corporate Secretarial and other functions as may be determined by the Chief Financial Officer and the Company Secretary. The Steering Committee shall meet periodically to ensure that the actions agreed with the Audit Committee and the Board with respect to Related Party Transactions has been implemented. The Steering Committee shall also ensure that the systems and processes are in place for identification and approval of Related Party Transactions as per this Policy.

X. Adoption & Amendment to the Policy

The Board of Directors based on the recommendation of the Audit Committee of the Company shall review this Policy at least 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 approved and adopted by the Board on 4th November, 2021 and was further reviewed and amended on 12th February, 2024 and 29th May, 2026.
