



Creative Castings Limited

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

*(Approved by Board of Directors at their meeting held on 30th January, 2016 and effective from 1st April, 2016)
(Modified by Board of Directors at their meeting held on 27th June, 2020)
(Modified by Board of Directors at their meeting held on 29th May, 2023)*

{ Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) }

1. PRELUDE:

Creative Castings Limited (**‘the Company’**) is a public company, listed on the Bombay Stock Exchange (BSE). The Company is committed to responsible corporate governance, including compliance with laws and regulations governing related party transactions.

The Board of Directors of Creative Castings Limited (hereinafter referred to as **‘the Board’**) has adopted this Policy on materiality of related party transactions and dealing with related party transactions as required under Regulation 23 of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (**‘SEBI Listing Regulations’**). The policy includes materiality thresholds and manner of dealing with Related Party Transactions and materiality related party transactions (**‘the/this Policy’**) in compliance with the requirements of section 188 of the companies Act, 2013 and Rules thereunder and Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Amendments from time to time, to the policy, if any, shall be considered by the board of directors based on the recommendations of the Audit Committee.

The policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with applicable the Law and Regulation.

In light of the above, the Company has framed this revised Policy on Related Party Transactions (**‘Policy’**). This revised Policy has been approved by the Board of Directors of the Company based on recommendations of the Audit Committee at their respective meetings held on May 29, 2023. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to approval by the Board.

This policy shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.



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2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out

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

3. DEFINITIONS:

- i.* **“Act” or “the Act”** means the Companies Act, 2013.
- ii.* **“Arm’s length transaction”** as defined under Section 188 (1) of the Companies Act, 2013, shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- iii.* **“Audit Committee”** means the audit committee constituted by the Board of Directors of the Company under the provision of Companies Act, 2013 and Listing Agreement with Stock exchange read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- iv.* **“Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time, in line with the provisions of the Act and SEBI Listing Regulations.
- v.* **“Company”** means Creative Castings Limited.
- vi.* **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and rules framed thereunder.
- vii.* **“Listing Agreement”** means an Agreement entered between the Company on one part and the BSE Limited on another part including amendments made thereto from time to time.
- viii.* **“Material Related Party Transactions”** as defined under the Regulation 23 of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, means any transaction / transactions to be entered into with the related party, individually or taken together with previous transactions during Financial Year exceeds Rs. 1000 Crore or Ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower



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Notwithstanding stated above, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

ix. “Policy” means this Policy, as amended from time to time.

x. “Related Party” shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

xi. “Relative”

with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder and Regulation 2(1)(zd) of SEBI Listing Regulations;

xii. “Related Party Transaction” such transactions as defined under section 188 of the Companies Act, 2013, and Regulation 2(1)(zc) of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including any amendment or modification thereof, as may be applicable.

Provided that the following shall not be a related party transaction:

(a) the 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;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

xiii. “Listed Subsidiary” means a subsidiary of the Company which is a listed entity under SEBI Listing Regulations and to which Regulations 15(2) and 23 of SEBI Listing Regulations are applicable.

xiv. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Securities Contract Regulation Act or any other applicable law or regulation as applicable to the Company.



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4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In an event, a Related Party Transaction, breaches the materiality threshold, prior approval of the shareholders of the Company will be required through resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to the Related Party Transactions.

None of the related parties of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

Materiality threshold is defined under the Regulation 23 of the SEBI Listing Regulations and under Section 188 of the Companies Act, 2013 and the Rules made thereunder.

5. PROCEDURE:

(a) Disclosure by Directors / Key Managerial Personnel (KMP)

Every Director / KMP of the Company shall at the beginning of the financial year provide information about his / her (including relatives) nature of interest or concern as prescribed under the Companies Act, 2013, to the Company. Thereafter, any changes therein need to be informed to the Company immediately or within time limit as may be prescribed.

(b) Identification of transactions with Related Parties

The Company Secretary / Chief Financial Officer will circulate list of identified Related Parties to the concerned employees which may include Head of Business Units, Head of Functional Departments etc. The concerned employees shall submit details of proposed transaction(s) to the Company Secretary / Chief Financial Officer.

The Company Secretary will place the details of proposed transaction before the Audit Committee.

(c) Information to be placed before the Audit Committee and then before the Board of Directors of the Company.



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- (d) *The Audit Committee shall review and if deemed fit approve the same and recommend to Board, with their observations, of the Company for consideration and approval.*
- (e) *The Board shall review and if deemed fit approve the same with or without modifications.*

Approval of the Audit Committee

A. Prior approval of the Audit Committee shall be required for:

1. All Related Party Transactions (RPT) and subsequent material modifications;
2. RPTs where subsidiary is a party but the Company is not a party and the transaction amount exceeds subject to threshold of:
 - 10% of the consolidated turnover of the Company w.e.f. April 1, 2022.
 - 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023 as per the last Audited Financial Statements of the subsidiary.

B. Prior approval of the Audit Committee shall not be required for:

- Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- Related Party Transactions of unlisted subsidiaries of the Listed Subsidiary Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- 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.
- 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. Members of the Audit Committee, who are Independent Directors, shall alone approve Related Party Transactions.

D. Omnibus Approval

However, the Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to the following conditions:

1. The Audit Committee shall, after obtaining approval of the Board of Directors,



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shall include the following:

- Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - The maximum value per transaction which can be allowed;
 - extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - repetitiveness of the transactions (in past or in future);
 - justification for the need of omnibus approval
 3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
 4. In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
 5. The omnibus approval shall provide details of the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into.
 6. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
 7. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 4 of the Policy.
 8. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - i.** Transactions which are not repetitive in nature;
 - ii.** Transactions in respect of selling or disposing of the undertaking of the company
 - iii.** Any other transaction the Audit Committee may deem not fit for omnibus approval



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9. A member of the Committee who has an interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.

MATERIAL MODIFICATIONS

Audit Committee has defined “material modifications” as following:

Material Modifications of Related Party Transaction in relation to the Company means and include any modification to an existing related party transaction having variance of 25% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

Approval of Board of Director’s:

If the Audit Committee determines, the proposed Related Party Transaction is in ordinary course of business and on arm’s length basis, the Board shall consider following factors while deliberating Related Party Transactions for its approval:

- (a) Review of factors considered by the Audit Committee for its approval to the proposed Related Party Transaction.
- (b) Any other factor which Board deems relevant.

Based on the above factors, Board will approve or disapprove the Related Party Transaction.

If the Audit Committee determines, the proposed Related Party Transaction is not in ordinary course of business and / or not on arm’s length basis, the Board shall consider following factors while deliberating Related Party Transactions for its approval:

- Whether proposed Related Party Transaction is within threshold as specified in this policy.
- Justification for entering into proposed Related Party Transaction.
- any other factor which Board deems relevant.

Prior approval of Shareholders:

All the transactions with related parties exceeding the material threshold limit as defined in the SEBI Listing Regulations and this policy, are placed before the shareholders for approval. For this purpose, all entities falling under the



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definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. Transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- iii. Related Party Transactions of unlisted subsidiaries of the Listed Subsidiary Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- iv. 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.
- v. 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.

6. INFORMATION TO BE REVIEWED BY THE BOARD/AUDIT COMMITTEE FOR COMMITTEE FOR APPROVAL OF RELATED PARTY TRANSACTION(S)

To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including:

- a. Type, material terms and particulars of the proposed transaction;



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- b. Name of the Related Party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - details of the source of funds in connection with the proposed transaction;
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, nature of indebtedness; cost of funds; and tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- g. Justification as to why the Related Party Transaction is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
- j. Any other information that may be relevant.



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7. DISCLOSURE

- The Company shall disclose, in the Board's Report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- The Company shall also disclose in the Notes to the Financial Statements, details of related party transactions in terms of Indian Accounting Standards Ind AS – 24.
- The Company shall place all the information as specified by the SEBI from time to time for review of the Audit Committee for approval of the RPTs.
- The Company shall provide all the information as specified by SEBI from time to time in the explanatory statement in the notice being sent to shareholders seeking approval of proposed RPTs.
- The Company shall provide disclosure of the Related Party Transactions in the format as specified by the SEBI from time to time, to the stock exchanges and upload on company's website, every six months subject to applicable provisions of the SEBI Listing Regulations.
- The Company shall provide disclosure on "Loans and advances" in the nature of loans to firms/companies in which directors are interested by name and amount in the Corporate Governance Report.

8. AMENDMENT

The Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013, including rules thereof and / or the regulations of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations, which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.



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9. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Chief Financial Officer and Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

10. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

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 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.

❧ END ❧