

SWASTIKA CASTAL LTD

Related Party Transaction Policy

1. Introduction

Swastika Castal Limited (hereinafter referred to as "the Company") recognizes that Related Party Transactions (RPTs) may lead to potential or actual conflicts of interest and may raise concerns about whether such transactions are in the best interests of the Company and its shareholders, and in compliance with the provisions of the Companies Act, 2013, and Clause 49 of the Listing Agreement.

The Board of Directors of the Company has adopted this policy and procedure for managing the materiality of Related Party Transactions and for dealing with them as defined herein. The Audit Committee will review and may amend this policy from time to time, subject to the approval of the Board of Directors.

The objective of this policy is to regulate transactions between the Company and its Related Parties in accordance with the Companies Act, 2013, the Listing Agreement, and other applicable laws and regulations.

2. Definitions

- **The Act:** The Companies Act, 2013.
- **Clause 49:** Clause 49 of the Listing Agreement entered into by the Company with stock exchanges.
- **Arm's length transaction:** A transaction conducted between two related parties as if they were unrelated, ensuring no conflict of interest.
- **Ordinary course of business:** The usual transactions, customs, and practices undertaken by the Company in conducting its business operations, as per its Memorandum & Articles of Association.
- **The Company:** Swastika Castal Limited.
- **Relative:** As defined in Section 2(77) of the Act and the rules prescribed thereunder, with reference to a Director or Key Managerial Personnel (KMP).
- **Related Party:** An individual, entity, firm, body corporate, or person, as defined in Section 2(76) of the Act and Clause 49(VI)(B) of the Listing Agreement.
- **Related Party Transaction (RPT):** A transfer of resources, services, or obligations between a company and a related party, including, but not limited to:
 - Sale, purchase, or supply of goods/materials.
 - Selling, disposing of, or buying property.
 - Leasing of property.

Works / Factory

Block No. 535, Vemardi Road
Vill: Kandari, Tal: Karjan
Vadodara – 391210 India

CIN :U27101WB1996 PLC 079995
GSTIN :24AADCS9451P1ZR
EMAIL :scl@aluminiumcasting.net

Regd. Offi.:

117-A, Chittaranjan Avenue,
Koklata-700073.INDIA

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- Availing or rendering services.
- Appointment of agents for purchasing or selling goods, materials, services, or property.
- Appointment to any office or place of profit within the Company.
- **Material Related Party Transaction:** As defined in Clause 49(VII)(C) of the Listing Agreement or any other applicable law or regulation.
- **Key Managerial Personnel:** Officers/employees of the Company as defined in Section 2(51) of the Companies Act, 2013.
- **Employees:** Office-bearers of the Company, including Directors.
- **Director:** As defined in Section 2(34) of the Companies Act, 2013.
- **Audit Committee:** The Committee of the Board formed under Section 177 of the Act and Clause 49(III) of the Listing Agreement.

3. Related Party Transactions Under the Policy

Applicability

Under the new regime of the Companies Act, 2013 and Clause 49 of the Listing Agreement, almost all dealings and transactions with related parties are covered. Any transfer of resources, services, or obligations between the Company and a related party would be considered a 'Related Party Transaction', regardless of whether there is a price or cash flow involved.

Approval Process — Normal

- All Related Party Transactions must be entered into after prior approval from the Audit Committee.
- Based on the nature of the transaction and applicable regulatory requirements, the Audit Committee may refer it for approval by the Board of Directors or the shareholders.
- If the transaction is not in the ordinary course of business or at arm's length, the Company must comply with the provisions of the Companies Act, 2013 and obtain the approval of the Board or its shareholders, as applicable.
- All material Related Party Transactions will require approval by the shareholders through a special resolution, and the related party shall abstain from voting on such resolutions.

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- The Audit Committee may seek the opinion or report of an independent expert in case of material transactions.

A transaction is considered material if it exceeds 10% of the annual consolidated turnover of the Company, based on the last audited financial statements.

Approval Process — Omnibus

The Audit Committee may grant omnibus approval for related party transactions that are repetitive in nature, subject to the following conditions:

- The Audit Committee shall lay down criteria for granting omnibus approval in line with the policy.
- The Audit Committee must be satisfied with the necessity for omnibus approval and its alignment with the Company's interests.
- Omnibus approval must specify:
 - Names of the related parties, nature of transactions, transaction period, maximum amount, etc.
 - Indicative base price, current contracted price, and the price variation formula.
 - Other conditions as deemed appropriate by the Audit Committee.
- If the need for a transaction cannot be foreseen, the Audit Committee may approve transactions up to Rs. 1 crore per transaction.
- The Audit Committee will review the RPTs quarterly.
- Omnibus approvals shall be valid for up to one year and require fresh approval thereafter.

4. Transaction at Arm's Length

The Company has established a framework to assess whether transactions with related parties are conducted at arm's length. This includes global best practices and principles. Ongoing tests ensure that transactions are in the "ordinary course of business" and on an "arm's length" basis.

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5. Disclosure

- All Directors and KMP are required to disclose the parties in which they have an interest, using the prescribed form.
- Directors and KMP must promptly notify the Secretarial Department of any material transactions or relationships that could lead to conflicts of interest.
- Related Party Transactions that are required under law/Listing Agreement must be included in the Board's report, with justifications.
- The Company will maintain a Register in the prescribed format.
- The Company shall disclose the policy on Related Party Transactions on its website, and a link to it will be included in the Annual Report.

6. Whistleblower Mechanism for Non-Compliance

Any officer or employee can report a fraudulent Related Party Transaction that violates this policy. They can access the CFO or Company Secretary to report such concerns.

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