



CRAFTECH PAPER MILLS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

Version	Summary of Changes	Board Approval	Date of Release
Version 1	Initial	16.10.2025	01.11.2025

POLICY ON RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

1. INTRODUCTION

Craftech Paper Mills Limited (the “Company” or “CPL”) has formulated this Policy on Materiality of Related Party Transactions (“Policy”) pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, and the applicable provisions of the Companies Act, 2013 (“Act”) and rules made thereunder.

2. OBJECTIVES

The objectives of this Policy are to:

- Provide a framework for identification, review, and approval of Related Party Transactions (“RPTs”);
- Ensure proper governance and transparency in all dealings with Related Parties;
- Comply with the requirements under the Act and SEBI Listing Regulations.

3. DEFINITIONS

3.1 “Act” means the Companies Act, 2013, as amended from time to time, and the rules made thereunder.

3.2 “Audit Committee” means the Audit Committee constituted by the Board in accordance with the provisions of the Act and the SEBI Listing Regulations.

3.3 “Board” or “Board of Directors” means the collective body of directors of the Company.



3.4 **“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

3.5 **“Arm’s Length Transaction”** means a transaction between two related parties conducted as if they were unrelated, so that there is no conflict of interest.

3.6 **“Ordinary Course of Business”** means transactions undertaken in the normal course of business in line with the Company’s objects, customary practices, and industry norms.

3.7 **“Company”** means Craftech Paper Mills Limited.

3.8 **“Relative”** with reference to a Director or Key Managerial Personnel (“KMP”) means persons as defined under **Section 2(77) of the Act** read with **Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014**, as amended from time to time.

3.9 **“Related Party”** shall have the meaning assigned under **Section 2(76) of the Act** and **Regulation 2(1)(zb) of the SEBI Listing Regulations**.

3.10 **“Related Party Transaction”** or **“RPT”** shall mean a transaction involving transfer of resources, services or obligations between:

- the Company or any of its subsidiaries on one hand, and a Related Party of the Company or any of its subsidiaries on the other hand; or
- the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Company or its subsidiaries;

as defined under **Section 188 of the Act** read with **Regulation 2(1)(zc) of the SEBI Listing Regulations**.

- **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year:
 - exceeds **₹1,000 crore** or **10% of the annual consolidated turnover of the Company**, whichever is lower; or
 - in case of payment to a Related Party for **brand usage or royalty**, exceeds **5% of the annual consolidated turnover** of the Company.

3.11 **“Material Modification”** means any change in an existing RPT/contract, the financial effect of which increases the approved transaction value by **10% or ₹50 crore, whichever is higher**.

3.12 **“Key Managerial Personnel (KMP)”** shall have the meaning as defined in **Section 2(51) of the Act** and **Regulation 2(1)(o) of the SEBI Listing Regulations**.



4. **MATERIALITY THRESHOLDS**

In line with Regulation 23 of the SEBI Listing Regulations, the Company has fixed the following thresholds:

- **Brand usage or royalty** – exceeds 5% of the annual consolidated turnover.
- **Other RPTs** – exceeds lower of ₹1,000 crore or 10% of the annual consolidated turnover.

5. **MANNER OF DEALING WITH RELATED PARTY TRANSACTION**

5.1 Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1) (zb) of the SEBI Listing Regulations.

6. **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations. The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred

7. **APPROVAL MECHANISM**

5.1 Audit Committee Approval

- All RPTs and material modifications require **prior approval** of the Audit Committee.
- Audit Committee may grant **omnibus approval** for repetitive transactions, subject to conditions under SEBI Listing Regulations.
- Only **Independent Directors** shall approve RPTs.

5.2 Board Approval

Board approval shall be required for:

- Transactions covered under Section 188 of the Act which are not in the ordinary course of business or not at arm's length basis;
- Transactions referred by the Audit Committee.

5.3 Shareholders' Approval

Approval of shareholders by ordinary resolution shall be required for:



- All **Material RPTs** and **Material Modifications**.
- Related Parties shall not vote to approve such resolutions, but may cast a negative vote.

Exemptions: Certain transactions (e.g., with wholly-owned subsidiaries, corporate actions, resolution plans under IBC) are exempt as per SEBI Listing Regulations.

8. DISCLOSURES

The Company shall:

- Disclose details of RPTs in the **Board's Report**.
- Provide half-yearly disclosure of RPTs to stock exchanges in the prescribed format.
- Publish disclosures on the Company's website.
- Include details of RPTs in explanatory statements to shareholders when approval is sought.

9. REVIEW AND AMENDMENT

This Policy shall be reviewed by the Audit Committee and Board at least once every **three years** and amended to comply with applicable laws and regulatory changes.

10. COMPLIANCE RESPONSIBILITY

The responsibility for compliance with this Policy shall lie jointly with the **Managing Director, Chief Financial Officer, and Company Secretary** of the Company.