

POLICY AND PROCEDURES FOR THE RELATED PARTY TRANSACTIONS (RPT) AND**POLICY ON MATERIALITY OF RPTs.****1. Overview:**

CERA Sanitaryware Limited (the “Company”) has established and adopted this Policy for the Related Party Transactions (‘RPT’) pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”) read with The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), hereinafter referred to as Regulations and amendments made thereto on time to time.

This Policy and Procedure regarding RPTs (“Policy”) describe the process for identifying and approval or ratification of the RPTs including any modification thereof as well as establishing certain reporting requirements.

2. Scope, Applicability & Definitions:

This Policy applies to all the transactions of the Company with the Related Parties as specified in Section 188 of the Companies Act, 2013 and the Company’s (Meeting of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modification made thereon from time to time. This policy is intended to ensure the governance and reporting of transactions between the Company and its Related Parties. The Company shall also follow the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction” formulated by three Associations viz. ASSOCHAM, CII and FICCI under the aegis of the Stock Exchanges and in consultation with SEBI (“Industry Standard Note”)

3. Policy Statement:

- I. The Company and its Officers shall not enter into any RPT unless such transaction is in the Ordinary Course of Business and on an Arm’s Length Basis and/or a Transaction within the “RPT Framework”
- II. The RPT Policy and RPT Framework will be reviewed, amended and approved from time to time, as the case may be, by the Audit Committee or the Board of Directors or the Shareholders of the Company.
- III. Subject to the compliance with the RPT Policy and RPT Framework, all RPTs of the Company are to be approved by the Audit Committee of the Company and/or Board of Directors of the Company.

4. Definitions:

1. **Act:** Means the Companies Act, 2013 along with enactments made thereunder from time to time
2. **Related Party** “related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable Accounting Standards and as per provision of SEBI LODR as amended from time to time.
3. **Relative** in relation to a Related Party is as defined in Section 2(77) of the Act and Companies (Specification of Definitions Details) Rules, 2014 and revisions which may take place in the said enactments from time to time.
4. **Key Managerial Personnel (KMP)** shall mean Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.

5. **Related Party Transactions (RPT)** Means Such transactions as specified under Section 188 of the Act or rules made thereunder and the SEBI (LODR) including any amendment or modification thereof, as may be applicable.

6. **Material Related Party Transactions**

A transaction with a related party if the transaction /transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided 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(s) 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

7. **Board of Directors or Board** means the collective body of the Directors of the Company.
8. **Audit Committee** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 Act and SEBI (LODR).
9. **Competent Authority** Audit Committee, Board of Directors, Shareholders are jointly and/or severally referred to as the Competent Authority.
10. **Material modifications** A change, amendment or waiver in any terms and condition of the transaction that leads to change in nature of transaction or parties to the transaction or having more than 20 percent impact on total value of transaction.
11. **Arm's length transaction** A transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
12. **Ordinary course of business** Usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum and Articles of Association.

5. **Interpretation of the Policy:**

In this Policy singular expression shall include the plural thereof. This Policy shall be interpreted and administered by or under the direction of the Audit Committee, which shall have the authority to construe, interpret, implement, amend, modify, delegate, review or restate this Policy

- All RPTs shall be placed before the Audit Committee and/or Board of Directors.

6. **Identification of the Related Parties:**

- I. On an annual basis, the Company Secretary (CS) shall request a disclosure from each Director and KMP, their concern or interest in any Company or Companies or bodies Corporate (including shareholding interest), firms or other association of Individuals, in the prescribed format.
- II. Directors and KMPs would be responsible for promptly notifying the CS in case of any changes / updates occur in their concern or interest declared by them as per referred in 6 (i) above.
- III. Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the CS, the Disclosure referred in 6 (i) above.
- IV. The CS shall be responsible to maintain the updated list of Related Parties based on the disclosures received from them.

7. RPT Framework:

- I. The Board of Directors of the Company will approve the RPT Framework and delegate the same to the Audit Committee which will regulate the RPTs falling within this Policy and such RPTs will be approved by the Audit Committee and/or Board of Directors in accordance with the RPT Policy and RPT Framework.
- II. All related party transactions and subsequent material modifications as per the Act and Listing Regulations as amended from time to time shall require prior approval of the Audit Committee.
- III. The Board of Directors of the Company in its discretion may seek approval of the Shareholders of the Company for the RPT Framework as and when required.
- IV. Subject to the applicable provision of the Act and the SEBI LODR, a RPT to which a subsidiary company of the Company 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 limits prescribed under the Act or the SEBI LODR;

8. Notification, Approval of a RPT :**I) Preliminary Assessment of RPTs**

The Directors and the KMP may intimate the Board | Audit Committee sufficiently in advance about the probable transactions with the Company and the Related Parties concerning them so that the Board/ Audit Committee has sufficient time to review information regarding the proposed transaction.

II) Audit Committee

All RPTs and subsequent material modification(s) to RPTs shall be subject to prior approval of the Committee. And Such RPTs shall be approved only by the Independent Directors who are the members of the Committee.

The members of the Committee, who are independent directors, may ratify RPTs as per the provisions of the Listing Regulations and Industry Standard Note, as may be applicable and amended from time to time.

The Minimum Information as required by the Industry Standard Note shall be placed before the Audit Committee and/or the Shareholders as the case may be, while seeking their prior approval on the proposed RPTs.

While considering any transaction, the Committee shall take into account all relevant facts and circumstances, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other relevant matters. Whether the terms of the RPTs are in the ordinary course of the Company's business and are on an arm's length basis;

In the case of frequent / regular / repetitive transactions to be entered into by the Company / subsidiaries, which are in the normal course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval.

III) Board of Directors

If the Committee determines that RPTs should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the RPTs, then the Board shall consider and approve the RPTs at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Approval of the Board will be required, at a meeting, for any transaction with Related Parties, which are either not in ordinary course of business or not on an arm's length basis.

IV) Shareholders

- . All Material RPTs and subsequent material modifications as defined by the Committee shall require prior approval of the shareholders through resolution.
- V) Transactions as prescribed under regulation 23(5) of the Listing Regulations shall be exempted from prior approval of the Audit Committee and Shareholders.

9. Ratification of the RPT:

In the event the Company becomes aware of a RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee/Board deems appropriate under the circumstances.

10. Threshold limits for approval of RPT**Sectoral Threshold Limit**

Sr. No.	Nature of Transaction(s)	Monetary Ceiling for transaction(s) during a financial year per related party
1	Sale, purchase or supply of any goods or materials or services directly or through appointment of agent	amounting to ten percent or more of the turnover of the Company as per the last audited financial statements of the Company.
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	amounting to ten percent or more of net worth of the Company as per the last audited financial statements of the Company
3	Leasing of property of any kind	amounting to ten percent or more of the turnover of the Company as per the last audited financial statements of the Company
4	Availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover of the Company
5	Such related party's appointment to any office or place of profit in the Company or subsidiary company or associate company	at a monthly remuneration of two and a half lacs rupees
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	exceeding one percent of the net worth of the Company as per the last audited financial statements of the Company
7	Other related Party Transactions in the normal course of business	Such other transactions as would be required by the approval of the Audit Committee and/or Board of Directors

The approval of the Board of Directors and Shareholders required for related party transactions (RPT) have been mentioned in the Table below:

(Approval of Audit Committee is required for all related party transactions)

Transactions	Not in ordinary course of business	Not at Arm's length Basis	In ordinary course of business	At Arm's length Basis
Material RPT (as per Listing regulations)	Board approval & Shareholder's approval by ordinary resolution			
All RPT exceeding limits of Rule 15 under Companies (Meetings of Board and its Powers) Rules, 2014	Board approval & Shareholder's approval by ordinary resolution	Board approval & Shareholder's approval by ordinary resolution	None	None
All RPT within limits under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014	Board Resolution	Board Resolution	None	None

Note: All RPTs exceeding the limits prescribed under Rule 15 of Companies (Meetings of Board and its Power) Rules, 2014 will require prior approval of the Shareholders.

11. **Reporting and Review:- Quarterly Reporting:**

At the quarterly Meeting of the Audit Committee and/or Board meeting, Company shall place a comprehensive Report summarizing all RPTs, for the immediately preceding fiscal Quarter for review and noting of the Members of the Audit Committee and Board.

12. **Competent Authority for RPT Policy and Framework:**

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking an appropriate disciplinary action for any breach and / or defaults in complying with this Policy. Such disciplinary action shall be in addition to the penal provisions of the Act.

13. **Disclosure of the RPTs**

RPTs and prescribed details thereof will be disclosed in the i) Directors' Report ii) Annual Report iii) half yearly basis to the stock exchanges, in the format specified in the relevant accounting standards to the stock exchanges and be publish on Company's website, in accordance with the provisions of Companies Act, 2013 and rules made thereunder and as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto from time to time and in any other manner/ report as may be required by applicable legislation.

14. **Governing Law and Amendments:**

The RPT Policy along with RPT Framework will be governed by the relevant provisions of Section 188 of the Companies Act, 2013 and The Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto from time to time.

In the event of any conflict between the provisions of this Policy and of the SEBI (LODR) the Act or any other statutory enactments, rules, the provisions of the SEBI (LODR) | the Act or statutory enactments, rules shall prevail over this Policy.

15. Review of the RPT Policy:

This RPT policy and RPT framework may be further reviewed and/or amended at any time and/or upon revisions of applicable laws, regulations and amendment thereto from time to time and/or the actions taken by the Board of Directors and/or the Audit Committee of the Company, subject to atleast once in every three year.

This policy shall be deemed to be amended/or modified pursuant to any amendment or modifications or replacements or re-enactment of SEBI(LODR) Regulations, 2015 or the Companies Act, 2013 or any other laws and/or Regulations as amended, modified, replaced or re-enactment from time to time by the SEBI, Govt. of India and/or any other regulating authority.

Policy Lastly Reviewed & Modified:	9 th May, 2025
Approved by:	Board of Directors
