



POLICY ON RELATED PARTY TRANSACTIONS

(Approved by Board of Directors at their meeting held on 30th January, 2016 and effective from 1st April, 2016)

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 (hereinafter referred to as ('the Board')) has adopted this Policy on Related Party Transactions as required under Regulation 23 of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('LODR'). The said 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

2. 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.



Creative Castings Limited

- iv. “Board” means Board of Directors of the Company.
- 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 Ten 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” means a party which is defined under the provisions of Section 2(76) of the Companies Act, 2013 and rules thereof and under Regulation 23 of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including amendments /modification / reenactment made thereto).

The definition of ‘Related Party’ as given under Section 2(76) is as under:

“Related Party”, with reference to a company, means—

- (a) a director or his relative;
- (b) a key managerial personnel or his relative;
- (c) a firm, in which a director, manager or his relative is a partner;
- (d) a private company in which a director or manager or his relative is a member or director;
- (e) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- (f) anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (g) any person on whose advice, directions or instructions a director or manager is accustomed to act:



Creative Castings Limited

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity;

- (h) any company which is —
 - (h.1) a holding, subsidiary or an associate company of such company; or
 - (h.2) a subsidiary of a holding company to which it is also a subsidiary;
- (i) a director other than an Independent Director or key managerial personnel of the holding company or his relative.

The definition of 'Related Party' as given under Regulation 23 of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is as under:

An entity shall be considered as related to the Company if:

- (a) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (b) such entity is a related party under the applicable accounting standards.

xi. "Relative" as defined under the Companies Act, 2013, means a person who is related to another in any one of the following manner:

- (a) They are members of a Hindu undivided family; or
- (b) They are husband and wife; or
- (c) Father (including step-father),
- (d) Mother (including step-mother)
- (e) Son (including step-son),
- (f) Son's Wife,
- (g) Daughter
- (h) Daughter' husband
- (i) Brother (including step-brother)
- (j) Sister (including step-sister)

xii. "Related Party Transaction" as defined under the Companies Act, 2013, and Regulation 23 of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 means the following transaction or contract or arrangement:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or Property;



Creative Castings Limited

- (f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
 - (h) any transaction for transfer of resources, services or obligations between a Company and Related Party, regardless of whether a price is charged.
- xiii. 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.

Explanation: A “transaction” shall be construed to include single transaction or a group of transactions in a contract.

3. TRANSACTIONS COVERED:

All material Related Party transactions and Related Party Transactions which are not in the ordinary course of business and not an Arm's Length transactions. However, related Party Transaction which are in ordinary course of business of the Company and on arm's length shall be periodically disclosed to the Audit Committee / the Board.

4. 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 but shall not later than the next Board Meeting.

(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.



Creative Castings Limited

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

Every Related party transaction shall be subject to prior approval of the Audit Committee whether at a meeting or by resolution by circulation. However, the Audit Committee may grant prior omnibus approval for related party transaction which are of repetitive in nature and are in ordinary course of business and satisfy the arm's length basis subject to the compliance of the Regulation 23 of the LODR.

Any member of the Audit Committee having potential conflict of interest in any related party transaction will not remain present at the meeting or shall abstain from any discussion and voting on the approval of such related party transaction and shall not be counted in determining the presence of such quorum when such transaction is considered

To review the related party transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential related party transactions and/or prescribed under the Act, LODR and Listing Agreement.

While reviewing any related party transaction the Audit Committee shall take into account all the relevant facts and circumstances, including the benefits to the company and the related party, whether such transaction includes risk that may arise as a result of or in connection with the proposed transaction.

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.



Creative Castings Limited

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:

Notwithstanding anything contained in this Policy, in case of following type of Related Party Transactions which are not in ordinary course of business and not on arm's length basis and which also exceeds threshold as given under will require the prior approval of shareholders by an Ordinary resolution:

I. Companies Act, 2013 and rules thereof:

Sr. No.	Category of Transaction	Threshold
1	Sale, purchase or supply of any goods or materials	10% of turnover or Rs. 100 crore, whichever is lower
2	Selling or otherwise disposing of, or buying, property of any kind	10% of net worth or Rs. 100 crore, whichever is lower
3	Leasing of property of any kind	10% of net worth or 10% of turnover or Rs. 100 crore, whichever is lower
4	Availing or rendering of any services	10% of turnover or Rs 50 crore, whichever is lower
5	Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh
6	Underwriting the subscription of any securities or derivatives thereof, of the Company	1% of net worth



Creative Castings Limited

(The Turnover or Net Worth referred above shall be computed on the basis of Audited Financial Statements of the preceding Financial Year)

II. Regulation 23 of the of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

All Material Related Party Transactions will require the approval of shareholders by an Ordinary resolution.

5. DISCLOSURE

- (a) Every Related Party Transaction entered into which is not in the ordinary course of business and/ or not on an arm's length basis, shall be disclosed in the Board's Report along with the justification for entering into such transaction.
- (b) All Material Related Party Transactions shall be disclosed quarterly along with Compliance Report on Corporate Governance, if any.
- (c) The Company shall disclose the policy on dealing with Related Party Transactions on its website.

6. 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.

❧ END ❧