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Certified Company

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

1. OBJECTIVE:

Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations' for short) and section 188 and other applicable provisions of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 require to formulate a Policy to ensure proper approvals and reporting of related party transactions as required. The primary objective of the Policy is to ensure highest standard of Corporate Governance, transparency, probity and ethical standards in all dealings of the Company with Related Parties. The Board of Directors of Investment & Precision Castings Limited ("the Company") has adopted the following policy and procedures so as to deal with Related Party Transactions as defined herein. The Audit Committee will review and may amend this policy from time to time, subject to the approval of the Board. This policy is to regulate transactions between the Company and its Related Parties in light of laws and regulations applicable to the Company.

2. DEFINITIONS:

"**Act**" means the Companies Act, 2013.

"**Listing Regulations**" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"**Audit Committee**" means the Audit Committee of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

"**Arm's length transaction (ALP)**" as per explanation (b) to section 188(1) of the Companies Act, 2013, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"**Board**" means Board of Directors of the Company.

"**Related Party**" means related party as defined in section 2(76) of the Act read with Rule 3 of the Companies (Specification of Definition Details) Rules, 2014 and Regulation 2 (zb) of the Listing Regulations which defines the term Related Party as follows:

(i) a director or his relative ;

(ii) a key managerial personnel or his relative ;

(iii) a firm, in which a director, manager or his relative is a partner ;

(iv) a private company in which a director or manager or his relative is a member or director;

(v) 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 ;

(vi) any body 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 ;

(vii) any person under whose advice, directions or instructions a director or manager is accustomed to act : Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is –

(A) a holding, subsidiary or an associate company of the Company ; or

(B) a subsidiary of a holding company, to which it is also a subsidiary ;
(ix) Director (other than an Independent Director) or Key Managerial Personnel of the Company's holding Company or his relative;

"Related Party Transaction" refers to those transactions that are covered under the scope of section 188(1) of the Act and Regulation 23 (zc) of the Listing Regulations. A. Related Party Transactions that are covered under section 188(1) of the Act are as follows:

- a) Sale, purchase or supply of any goods or materials,
- b) Selling or otherwise disposing off 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,
- f) Related Party's appointment to any office or place of profit in the Company, its subsidiary or associate company; and
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

In terms of Regulation 2 (zc) of the Listing Regulations, a Related Party Transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

"Material Related Party Transaction" shall have the meaning as defined in Contracts / arrangements with a related party shall be considered as "material related party contracts / arrangements" if the transactions in a financial year under such contracts / arrangements exceed the threshold prescribed by Listing Regulations or any amendment thereof.

3. EXEMPTED TRANSACTIONS:

"Related Party Transactions Exempt under the Act" means those Related Party Transactions which fulfill the following two criteria and which are exempt from the requirements of Board and Shareholder approvals: a) Such transaction is undertaken in the ordinary course of business; and b) Is on arm's length basis.

4. COMPANY'S POLICY

Disclosure by Directors and Key Managerial Personnel: Each Director and Key Managerial Personnel shall disclose by notice in writing to the Board, any interest whether by himself or through his relatives or firms, body corporate or other association of individuals in which he or any of his relative is a partner, director or member may having a contract or arrangement or proposed contract or arrangement enter into or to be entered into by or on behalf of the Company. Such notice shall be provided well in advance. The Company Secretary shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, identified on the basis of information and disclosure of interest provided by the Directors and Key Managerial Personnels. The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year.

Moreover, while determining approval of any transaction identified as a related party transaction, the Board will take into account recommendations of the Audit Committee and such other factors necessary to arrive at decision which will be in the best interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the related parties.

5. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:

Approval of the Audit Committee All Related Party Transactions shall require prior approval of the Audit Committee however the Audit Committee may grant omnibus approval to the related party transaction as per the Regulation 23 (3) after duly analyzing the requirements mentioned therein. The omnibus approval may be granted after complying the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy on related party transaction and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify the following:
- (i) the names of the Related Party, nature of the transaction, period of transaction and the maximum amount for which the transaction can be entered into;
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (iii) such other conditions as the Audit Committee may deem fit; Provided however that where the need for the Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore (Rupees one crore) per transaction.
- d) Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. Individual transactions with Related Parties, which are not in Ordinary Course of Business and not on an arm's length basis and all material transactions, shall be accompanied with Management's justification for the same. The Committee may accordingly approve or modify such transactions, in accordance with this policy and/or recommend the same to the Board for approval. The Independent Directors shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business, not on arm's length and Material Specific Transactions also assure themselves that the same are in the interest of the Company and its shareholders.

6. PRIOR APPROVAL OF THE BOARD OF DIRECTORS:

As per the provisions of the Companies Act, 2013, no company shall enter into transactions which are prescribed under Section 188(1) (a) to (g) given as under except with the consent of Board given by resolution at a meeting of Board,

- (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;
- (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;

7. PRIOR APPROVAL OF THE SHAREHOLDERS OF THE COMPANY:

[I] All kinds of transactions specified under Section 188 (1) of the Act which exceeds the thresholds laid down in rule 15 of Companies (Meetings of Board and its (7) Powers) Rules, 2014 (including amendments and modifications thereof) described as under, shall be placed before the shareholders for its approval;

- (a) As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below
 - (i) sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent. of the turnover of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

(ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent. of net worth of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property of any kind exceeding ten percent of the net worth of the Company or exceeding ten percent of turnover of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

(iv) availing or rendering of any services directly or through appointment of agents exceeding ten percent. of the turnover of the Company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;

v) for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or (vi) for remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188. Provided that no members of the Company shall vote on such resolution to approve any contract or arrangement which may be enter into by the Company if such member is a related party.

8. REGISTER: In compliance with provisions of section.189 of the Companies Act, 2013 read with Rule 16 of Companies (Meetings of board and its powers) Rules, 2014, the Company shall maintain register, giving separately the particulars of disclosure received from Directors all contracts or arrangements to which section 188 applies. The register shall be preserved permanently and shall be kept in the custody of the Company Secretary of the Company or any other person authorized by the board for the purpose.

9. AMENDMENTS:

This policy is a live document intended to be improved and amended as per the regulatory changes by the Board. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this policy. The Audit Committee shall review the policy wherever necessary for making suitable amendments for better implementation of the policy.

(This policy was approved by Board on 30.5.2015 and modified on 4.5.2016)