

**NRB INDUSTRIAL BEARINGS LIMITED**

**POLICY ON MATERIAL RELATED PARTY  
TRANSACTIONS**

**This policy was last reviewed by the Board on August 5, 2022, and subsequently reviewed again on May 27, 2025**

**NRB INDUSTRIAL BEARINGS LTD.**

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### 1. Preamble.

The Board of Directors (the “Board”) of NRB Industrial Bearings Limited (“the Company”) has adopted following Policy and procedures with regard to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company with effect from 1st April, 2022.

### 2. Purpose.

The Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended (“Listing Regulations”) requires all listed companies to formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors. The regulation further requires that the audit committee of Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related.

### 3. Definitions.

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Audit Committee**” means Audit Committee of Board of Directors of the Company constituted under Section 177 of the Act, Regulation 18 of the Listing Regulations.

“**Annual Consolidated Turnover**” is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of the Company ;

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

“**Associate Company**” shall mean “Associate Company” as defined in Section 2 (6) of the Companies Act, 2013.

“**Company**” means NRB Industrial Bearings Limited

“**Director**” means a person as defined in Section 2 (34) of the Companies Act, 2013.

“**Employees**” shall mean the employees and office-bearers of the Company, including but not limited to Directors

“**Audit Committee or Committee**” means Committee of Board of Directors of the company

constituted under provisions of Listing Regulations and Companies Act, 2013.

**“Board”** means Board of Directors of the Company.

**“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer
- (iv) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (v) such other officer as may be prescribed.

**“Material Related Party Transaction”** shall have the same meaning as defined under the Regulation 23 of the Listing Regulations, as amended from time to time.

**“Material Modification”** in relation to a Related Party Transaction(s) already approved by the Audit Committee or a Material Related Party Transaction(s) already approved by the Board/Shareholders, means any modification or variation in such transaction having impact on the total value of such transaction by more than 10% of the limit approved by the Audit Committee or Board or Shareholders, as the case may be.

**“Industry Standards”** shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025. Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

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**“MATERIALITY THRESHOLDS” Regulation 23** of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction (“RPT”) exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the related parties (“RPs”) of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP’s can cast only negative vote to reject the resolution seeking approval of material RPT(s))

NIBL has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party – lower of Rs. 1,000 crore or 10% of the consolidated annual turnover of the Company as per its last audited consolidated financial statements

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Audit Committee and the Board, once in every three years and updated accordingly.

**“Office or Place of Profit”** means any office or place where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.”

**“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association. The Audit Committee may lay down principles from time to time for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

**“Policy”** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions

**“Relative”** shall mean “relative” as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under.

**“Related Party”** shall have the same meaning as defined under Section 2(76) of the Act, Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India and Regulation 2 (1)(zb) of the Listing Regulations and any amendments thereof .

**“Related Party Transaction or transactions”** shall have the same meaning as defined under Regulation 2 (1) (zc) of the Listing Regulations and any amendments thereof:

#### **4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:**

##### **1. Obligation of Directors and KMPs:**

Every Director and Key Managerial Personnel ("KMP") shall be responsible for submitting a written declaration to the Company Secretary, disclosing the names of their respective Related Parties, along with any relevant information necessary to determine Related Party status under applicable laws. Such declaration shall be submitted annually, and additionally upon any change in the previously declared information.

##### **2. Maintenance of Related Party Database:**

The Company Secretary shall compile and maintain a comprehensive database of Related Parties, derived from:

- The declarations provided by Directors and KMPs;
- The definition of "Related Party" as per applicable statutory and regulatory provisions; and
- Any persons or entities identified as Related Parties by the Board of Directors or the Audit Committee.

##### **3. Responsibility and Circulation:**

The Company Secretary and/or the Corporate Secretarial Team shall be responsible for updating the Related Party database from time to time, incorporating any revisions based on updated declarations or Board/Audit Committee determinations. The updated database shall be shared with the Managing Director, Chief Executive Officer, Chief Financial Officer, relevant Department Heads, and the Statutory Auditors of the Company.

#### **5 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

##### **AUDIT COMMITTEE APPROVAL:**

##### **Approval of Related Party Transactions**

Unless expressly exempted under applicable laws or otherwise stated in this Policy, all Related Party Transactions ("RPTs") and any subsequent material modifications thereto shall require prior approval of the Audit Committee.

In order to facilitate such approval:

**1. Transactions in the Ordinary Course of Business and at Arm's Length:**

Functional Departmental Heads shall submit to the Company Secretary ("CS") of the Company a comprehensive note detailing the proposed transaction. Such submission shall include:

- Draft agreement, contract, memorandum of understanding (MoU), or other relevant supporting documents; and
- Justification demonstrating that the transaction is:
  - in the ordinary course of business;
  - at arm's length; and
  - at prevailing market rates.

Upon receipt, the CS shall place the proposal before the Audit Committee for prior approval at its next scheduled meeting and subsequently communicate the Committee's decision to the originator.

**2. Transactions Not in the Ordinary Course of Business but at Arm's Length:**

Where the proposed RPT is not in the ordinary course of business but is at arm's length, the Functional Departmental Head shall submit to the CS a detailed justification note along with:

- Draft agreement, MoU, or relevant supporting documentation; and
- Explanation for entering into such a transaction.

The CS shall accordingly place the matter for prior approval of the Audit Committee and/or seek other statutory or internal approvals, as may be required.

**3. Information to be Placed Before the Audit Committee for RPT Approval:**

The following particulars shall be presented to the Audit Committee for its consideration:

- Type, key terms, and detailed particulars of the proposed transaction;
- Name of the Related Party, its relationship with the Company, and the nature of its concern or interest (financial or otherwise);
- Tenure of the proposed transaction;
- Aggregate value of the proposed transaction;
- Percentage of the Company's annual consolidated turnover (based on the immediately preceding financial year) represented by the transaction value;
- In case of loans, inter-corporate deposits, advances, or investments:
  - Source of funds proposed to be utilized;
  - Where financial indebtedness is incurred:
    - Nature of indebtedness;
    - Cost of funds; and
    - Tenure;
  - Applicable terms (including covenants, tenure, interest rate, and repayment schedule), whether secured or unsecured; if secured, details of the security;
  - Purpose for which the funds will be utilized by the ultimate beneficiary of the RPT;

- Justification supporting that the RPT is in the best interest of the Company;
  - Copy of valuation report or external expert report, if any, relied upon in assessing the transaction;
  - Percentage of the counterparty's annual consolidated turnover represented by the transaction value (to be provided on a voluntary basis); and
  - Any other information deemed relevant by the Audit Committee.
4. **Approval Authority:**  
Only Independent Directors who are members of the Audit Committee shall be authorized to approve RPTs proposed by the Company.

a. **OMNIBUS**

b. **AUDIT COMMITTEE APPROVAL:**

The Audit Committee may, in accordance with applicable laws and this Policy, grant omnibus approval for Related Party Transactions ("RPTs") undertaken by Company or its subsidiary that are repetitive in nature, undertaken in the ordinary course of business, and carried out on an arm's length basis.

**A. Conditions for Granting Omnibus Approval**

While considering requests for omnibus approval, the Audit Committee shall ensure the following:

1. **Necessity and Interest:**

The transaction is necessary in the conduct of business operations and is demonstrably in the best interest of the Company.

2. **Sufficiency of Information:**

Adequate and satisfactory information is provided to establish that:

- The transaction is in the ordinary course of business; and
- The terms are on an arm's length basis.

3. **Specific Parameters for Approval:**

Each omnibus approval shall clearly specify the following:

- Name(s) of the related party;
- Nature, period, and maximum value of the transaction(s) to be entered into;
- Indicative base price or current contracted price and the formula, if any, for variation in the price;
- Any other conditions as the Audit Committee may, in its discretion, deem appropriate.

4. **Validity:**

Omnibus approvals shall remain valid for a period not exceeding one (1) financial year and shall lapse upon the expiration of such period. Fresh approval shall be required thereafter for continued or new transactions.

**B Review and Monitoring.**

The Audit Committee shall review, on a quarterly basis, all RPTs entered into by the Company or its subsidiary pursuant to the omnibus approvals granted.

**C. Exceptional Omnibus Approvals**

In cases where the need for an RPT cannot be foreseen and specific details are not available at the time of seeking approval, the Audit Committee may grant omnibus approval for such transactions subject to the following:

- The value of each such transaction does not exceed ₹1 crore.

#### **D. Voting and Recusal**

Only Independent Directors who are members of the Audit Committee shall be entitled to approve RPTs. Any member of the Audit Committee with a direct or indirect interest in a proposed RPT shall recuse himself or herself from discussions and voting on the matter relating to the approval or ratification of such transaction.

#### **E. Assessment by the Audit Committee and Board**

The Audit Committee or the Board of Directors, as applicable, shall evaluate all RPTs referred to them for approval. Upon considering the materials and information placed before them, they shall determine whether the transaction:

- Is in the ordinary course of business; and
- Is being conducted on an arm's length basis.

Additionally, the Audit Committee shall review a statement of significant RPTs submitted by the senior management, in accordance with applicable disclosure requirements and internal reporting standards.

#### **F. Board of Directors and Shareholders' Approval**

In compliance with the provisions of Section 188 of the Companies Act, 2013, the rules framed thereunder, and the applicable Listing Regulations, the Company shall obtain requisite prior approvals for Related Party Transactions as follows:

#### **G. Approval by the Audit Committee**

All Related Party Transactions (RPTs), whether falling under the ordinary course of business and at arm's length basis or otherwise, shall be placed before the Audit Committee for its prior review and recommendation. If the transaction is not at arm's length and/or not in the ordinary course of business, it shall be escalated further as detailed below.

#### **H. Approval by the Board of Directors**

RPTs which are either:

- not in the ordinary course of business; or
- not being undertaken at arm's length price,

shall be recommended by the Audit Committee and placed before the Board of Directors for its prior approval, in accordance with Section 188(1) of the Companies Act, 2013.

#### **I. Approval by the Shareholders**

In the event the RPTs exceed the thresholds prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, read with Section 188(1) of the Act, such transactions shall, upon recommendation of the Board of Directors, be placed before the Shareholders for their prior approval by way of an Ordinary Resolution.

The following conditions shall apply:

1. **Interested Related Party Abstention:**

No related party shall vote to approve such resolutions, irrespective of whether the related party is a party to the particular transaction or not.

2. **Form and Manner:**

The notice convening the general meeting shall disclose all relevant details of the RPTs as prescribed under the Act and applicable regulations, including the name of the related party, nature of the relationship, particulars of the contract or arrangement, material terms, monetary value, and rationale for entering into the transaction.

3. **Exemptions:**

Transactions entered into by the Company in its ordinary course of business and on an arm's length basis shall not require Shareholders' approval under Section 188(1), unless otherwise required under the Listing Regulations.

| <b>Transaction covered</b>  | <b>Transaction valueMateriality<br/>Thresholds underthe Companies<br/>Act, 2013</b> |
|---|---|
| Sale, Purchase or supply of any goods or materialsdirectly or through appointment of agents*                                  | Amounting to 10 % or more ofTurnover  |
| Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents*                 | Amounting to 10 % or more of NetWorth   |
| Leasing of property of any kind*  | Amounting to 10 % or more ofTurnover  |
| Availing or rendering of any services directly orthrough appointment of agents*   | Amounting to 10 % or more ofTurnover  |
| Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company | monthly remuneration>Rs. 2.5 lakhs  |
| Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*                      | >1% of Net Worth  |

|  |  |
|--|--|
| Any other transaction with a Related Party | Transaction, individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company |
|--|--|

*The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

The concerned related party (ies) which are related to that transaction shall not vote to approve such relevant resolution.

**J. Shareholders’ approval**

The following Related Party Transactions shall require prior approval of the members of the company, by way of Ordinary Resolution, in addition to the approval of the Board of Directors and Audit Committee:

- i. Related Party Transactions which are not in ordinary course of business or not on arm's length basis and which crosses threshold limit as prescribed under Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time; and
- ii. All material Related Party Transactions and subsequent material modifications if any

Provided that no member of the Company shall vote on such ordinary resolution to approve aforesaid transaction(s) if such member is a related party

**6 MATERIAL RELATED PARTY TRANSACTION**

All Material Related Party Transactions and subsequent material modifications shall be placed for prior approval of the shareholders through a motion to pass as an ordinary resolution.

**7. GENERAL CRITERIA FOR APPROVAL OF RELATED PARTY TRANSACTIONS**

To enable a thorough and informed evaluation, all Related Party Transactions (RPTs) proposed for approval shall be accompanied by all relevant material information necessary for the Audit Committee to assess the fairness and commercial rationale of the transaction. This shall include, but not be limited to, the following:

## **A. General Information to be Provided for All RPTs:**

1. **General Description of the Transaction(s):**  
Including material terms and conditions, nature, duration, and key particulars of the proposed contract or arrangement.
2. **Identification of Related Party:**  
Name of the Related Party and the basis on which such person or entity qualifies as a Related Party under applicable laws.
3. **Directors/KMP Involvement:**  
Name(s) of the Director(s) or Key Managerial Personnel (KMP) who are interested or related to the transaction.
4. **Advance Paid or Received:**  
Details of any advance amount paid to or received from the Related Party in connection with the contract or arrangement.
5. **Transaction Value and Pricing Methodology:**  
The maximum value of the proposed transaction and an explanation of how the pricing and other commercial terms have been determined.
6. **Nature of Interest:**  
The nature and extent of the Related Party's interest in the transaction, including their relationship with, or ownership of, any entity involved in the transaction.
7. **Price Terms and Variation Formula:**  
Indicative base price or the current contracted price and any applicable formula for price variation, if any.
8. **Other Material Information:**  
Any other material facts, data, or circumstances relevant to the transaction or the Related Party's interest therein, which may affect the decision-making of the Audit Committee.

## **B. Additional Disclosures for Non-Repetitive Transactions:**

For non-repetitive RPTs, the agenda for the Audit Committee meeting at which the transaction is proposed to be considered shall also include:

1. Name of Related Party and Nature of Relationship;
2. Nature, Duration, and Particulars of the Contract or Arrangement;
3. Material Terms of the Contract or Arrangement, including the Transaction Value (if any);
4. Details of Any Advance Payment or Receipt Related to the Arrangement;
5. Pricing Methodology and Terms, Including Both In-Contract and External Commercial Terms;
6. Consideration of Relevant Factors:  
A statement indicating whether all relevant factors have been considered in the formulation of the transaction. Where any factor has not been considered, the rationale for such exclusion shall be provided.
7. **Other Relevant Information:**  
Any additional disclosures or documents that the Audit Committee may deem necessary to evaluate the proposed transaction.
8. **Statement of Transactions:**  
A statement of existing transactions, if any, under the same contract or arrangement.

## **8 RELATED PARTY TRANSACTIONS WITHOUT THE PRIOR APPROVAL UNDER THIS POLICY**

### **1. POST-FACTO REVIEW OF UNAPPROVED TRANSACTIONS**

In the event that the Company becomes aware of a Related Party Transaction (RPT), excluding Material RPTs or material modifications thereto, which has not been approved in accordance with this Policy prior to its consummation, the matter shall be reported promptly to the Audit Committee.

The Audit Committee shall review all relevant facts and circumstances and shall evaluate available options, including:

- Ratification of the transaction;
- Revision of terms;
- Termination of the transaction.

A transaction shall not be deemed a violation of this Policy, or rendered invalid or unenforceable, provided that **post-facto approval is obtained promptly and within a reasonable timeframe** after the transaction is entered into or becomes known.

### **2. NON-COMPLIANCE UNDER SECTION 188(1) OF THE COMPANIES ACT, 2013**

Where any RPT is entered into by a director or employee of the Company without obtaining requisite approvals under Section 188(1) of the Companies Act, 2013:

- The transaction shall be placed before the Board and, where applicable, the Shareholders for **ratification within three months** from the date of its execution.
- In the absence of such ratification within the prescribed period, the transaction shall be **voidable at the discretion of the Board or the Shareholders.**
- If the transaction involves a related party to any director, or is authorized by such director, the director(s) concerned shall be liable to **indemnify the Company against any loss incurred.**

### **3. AUDIT COMMITTEE DISCRETION AND AUTHORITY**

The Audit Committee shall, in reviewing unapproved transactions:

- Examine the **cause and circumstances of the lapse** in reporting;
- Determine whether to **ratify or reject** the transaction;
- If ratification is declined, may direct:
- Discontinuation of the transaction;
- Compensation for losses suffered;
- Escalation to shareholders for remedial action.

The Audit Committee retains final authority to waive or modify any procedural requirements under this Policy, subject to compliance with applicable laws and regulations.

### **4. RATIFICATION BY INDEPENDENT DIRECTORS – THRESHOLDS AND CONDITIONS**

Independent Directors who are members of the Audit Committee may ratify RPTs in accordance with Regulation 23 of SEBI LODR, provided:

- i. The aggregate value of the ratified RPT(s) during a financial year does not exceed ₹1 crore;
- ii. The transaction is not material as defined under Regulation 23;
- iii. The rationale for failure to obtain prior approval is placed before the Committee at the time of seeking ratification;
- iv. The ratification and rationale shall be disclosed in the Company's related party disclosures under Regulation 23(9);
- v. Any additional conditions imposed by the Audit Committee shall be complied with.

Failure to seek such ratification shall render the transaction voidable at the option of the Audit Committee, and any director concerned shall be liable to indemnify the Company for any resulting losses.

## **9. INDUSTRY STANDARDS ON MINIMUM INFORMATION DISCLOSURE FOR RPT REVIEW**

The Company shall comply with the minimum information requirements prescribed by the Industry Standards Forum (ISF)—a collaborative body formed by ASSOCHAM, CII, and FICCI under the guidance of the Stock Exchanges and in consultation with SEBI.

These standards, formulated in alignment with Part A and Part B of Section III-B of SEBI's Master Circular read with the SEBI (LODR) Regulations, outline the minimum disclosures required to be presented before:

- The Audit Committee for review and approval of RPTs; and
- The Shareholders, where their approval is mandated.

The Company shall integrate these industry standards into its RPT review and approval process to ensure transparent and informed decision-making.

### **PART A OF SECTION III-B OF SEBI MASTER CIRCULAR READ AS FOLLOWS:**

#### **1. Information to be Provided to the Audit Committee (as per Part A of Section III-B)**

The Company shall, while placing any proposal relating to a Related Party Transaction (RPT) before the Audit Committee for its review and approval, furnish all requisite information as prescribed under the Industry Standards titled "Minimum Information to be Provided for Review of the Audit Committee and Shareholders for Approval of a Related Party Transaction", formulated under the aegis of the Stock Exchanges in consultation with SEBI.

Such information shall be presented in the standardized format mandated by the said Industry Standards and shall form an integral part of the meeting agenda materials submitted to the Audit Committee. This ensures that the Audit Committee has access to complete, accurate, and standardized information to enable a fully informed assessment of the proposed transaction in accordance with applicable provisions of the SEBI LODR Regulations.

Where appropriate, the observations or directions of the Audit Committee shall be duly recorded in the

minutes of the respective meeting.

## **2. Disclosures in Shareholder Notice (as per revised Part B of Section III-B)**

For all RPTs that require approval by the shareholders of the Company, including Material RPTs, the notice to be sent to shareholders shall include, as part of the Explanatory Statement, all disclosures prescribed under the Industry Standards referenced above, in addition to those mandated under the Companies Act, 2013.

The objective of adopting these Standards is to:

- Standardize the format and content of disclosures made to shareholders and the Audit Committee;
- Enhance transparency and comparability in RPT disclosures;
- Ensure consistency with the disclosure requirements of the SEBI LODR Regulations and the Master Circular issued by SEBI;
- Facilitate informed decision-making by shareholders and Board-level committees.

Accordingly, the Company shall ensure that:

- The standardized disclosure format is incorporated into all relevant agendas of the Audit Committee;
- For **Material RPTs**, the same information is included in the Explanatory Statement annexed to the shareholder notice;
- Disclosures meet the **adequacy, clarity, and legal sufficiency standards** as envisioned by SEBI and the Industry Standards Forum (ISF), comprising ASSOCHAM, CII, and FICCI.

## **3. MAIN ASPECTS COVERED IN THIS INDUSTRY STANDARDS:**

1. Applicability of these Standards.
2. Standards for Minimum Information to be provided to the Audit Committee for review and approval (including ratification) of RPTs.
3. Format for Minimum Information to be provided for review of the Audit Committee for Approval (including ratification) of RPTs.
4. Standards for Minimum Information to be provided to the shareholders for consideration of RPTs.

### **APPLICABILITY OF THESE STANDARDS:**

(1) Material RPT as defined under Regulation 23(1) & (1A) of the LODR Regulations.  
(2) Transaction(s) with a related party, where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed lower of the following:

- (a) 2% of turnover, as per the last audited consolidated financial statements of the listed entity;
- (b) 2% of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
- (c) 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity. These Standards shall be applicable in respect of RPTs entered into by the Listed Entity on or after 01st July, 2025, as per the applicability matrix as defined in the said industry standards.

Standards for Minimum Information to be provided to the Audit Committee for review and approval (including ratification) of RPTs:

The Management shall provide the Audit Committee with the information, as specified in the formats defined in these standards while placing any proposal for review and approval of a RPT.

While collecting and collating the information, the management of the listed entity shall take into account the following:

(a) Provide comments against each information where it is sought in the format against transactionbased information.

(b) Certificates from the CEO or CFO or any other KMP of the Listed Entity and from every director of the Listed Entity who is also promoter (“promoter director”) to the effect that:

- (i) the RPTs to be entered into are not prejudicial to the interest of public shareholders; and
- (ii) the terms and conditions of the RPT are not unfavorable to the listed entity, compared to the terms and conditions, had similar transaction been entered into with an unrelated party. However, if any promoter director does not provide such certificate, the same shall be informed to the Audit Committee and the shareholders, if it is a material RPT.

(a) Copy of the valuation or other report of external party, if any, shall be placed before the Audit Committee.

(b) If audited financial statements of the related party as required to be submitted to Audit Committee are not available for any financial year, the financial details shall be certified by the related party.

(c) In the case of the payment of royalty, management fees, service fees, etc., if any, shall be explicitly bifurcated and disclosed.

(d) In the case of the payment of royalty, the criteria for selecting Industry Peers shall be as follows:

(e) The Listed Entity will strive to compare the royalty payment with a minimum of three Industry Peers, where feasible. The selection shall follow the following hierarchy:

A. Preference will be given to Indian listed Industry Peers.

B. If Indian listed Industry Peers are not available, a comparison may be made with listed global Industry Peers, if available.

(ii) If no suitable Indian listed/ global Industry Peers are available, the Listed Entity may refer to the peer group considered by SEBI-registered research analysts in their publicly available research reports (“Research Analyst Peer Set”).

If the Listed Entity’s business model differs from such Research Analyst Peer Set, it may provide an explanation to clarify the distinction.

- (iii) In cases where fewer than three Industry Peers are available, the listed entity will disclose, that only one or two peers are available for comparison.

Format for Minimum Information to be provided for review of the Audit Committee for Approval (including ratification) of RPTs are given in the industry standard circular on RPTs.

Standards for Minimum Information to be provided to the shareholders for consideration of RPTs:

The explanatory statement contained in the notice sent to the shareholders for seeking their approval for an RPT shall provide the minimum information so as to enable the shareholders to take a view whether the terms and conditions of the RPT are favorable to the listed entity.

The notice being sent to the shareholders seeking approval for any material RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement: (a) Information as placed before the Audit Committee in the format as specified in these Standards, to the extent applicable.

(b) The Audit Committee can approve redaction of commercial secrets and such other information that would affect competitive position of listed entity from disclosures to shareholders. Further, the Audit Committee shall certify that, in its assessment, the redacted disclosures still provide all the necessary information to the public shareholders for informed decision-making.

(c) Justification as to why the proposed transaction is in the interest ) 2% of turnover.

(d) Statement of assessment by the Audit Committee that relevant disclosures for decision-making were placed before them, and they have determined that the promoter(s) will not benefit from the RPT at the expense of public shareholders.

(e) Disclose the fact that the Audit Committee had reviewed the certificate provided by the CEO or CFO or any other KMP as well as the certificate provided by the promoter directors of the Listed Entity as required under these Standards.

(f) Copy of the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.

(g) In case of sale, purchase, or supply of goods or services as provided in the format as specified in these Standards, or the sale, lease, or disposal of assets of a subsidiary, unit, division, or undertaking of the listed entity as provided in the format as specified in these Standards, if the Audit Committee has reviewed the terms and conditions of bids from unrelated parties then such fact shall be stated. In case bids have not been invited, the fact shall be disclosed along with the justification thereof, and in case comparable bids are not available, state the basis for recommending that the terms of the RPT are beneficial to the shareholders.

(h) Comments of the Board/ Audit Committee of the listed entity, if any.

(i) Any other information that may be relevant

## **11 EXEMPTION FROM APPLICABILITY OF THE POLICY**

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this Policy shall not apply to the following Related Party Transactions, which shall not require separate/additional approval under this Policy

- Any transaction pertaining to remuneration of Directors and KMPs except who is part of promoter or promoter group that require approval of the Nomination and Remuneration Committee of the Company and the Board, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of the Act and the Listing Regulations.
- Payment of Dividend

- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with specific provisions of the Act or the Listing Regulations or other regulations framed by Securities and Exchange Board of India
- Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

## **12 POLICY REVIEW**

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy.

The Board may also, based on the recommendations from the Audit Committee, make any amendments to the Policy from time to time. The Policy shall be reviewed by the Board at least once in every 3 (three) years and updated as may be required.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. A note in relation to such changes shall be placed in subsequent meeting of the Board and the Audit Committee.