

## **NRB BEARINGS LIMITED**

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

#### **1. SCOPE AND PURPOSE**

- 1.1 During the course of its business, NRB Bearings Limited ("**Company**") enters into transactions with various entities including its Related Parties (*as defined hereinafter*). The Company recognizes that the Related Party Transactions (*as defined hereinafter*) can present potential or actual conflicts of interest and may raise questions whether such transactions are in Company's and its stakeholders' best interest and in compliance with applicable law.
- 1.2 This Policy of the Company on Materiality of Related Party Transactions and on dealing with Related Party Transactions ("**Policy**") sets out: (a) the materiality thresholds for Related Party Transactions, (b) defines 'material modification' and (c) the manner of dealing with and disclosing the transactions between the Company and its Related Parties as required under the Act (*as defined hereinafter*), the Listing Regulations (*as defined hereinafter*) and any other laws and regulations as may be applicable to the Company.
- 1.3 This Policy is also intended to ensure that adequate and appropriate approvals and reporting of the Related Party Transactions is done by the Company in accordance with applicable law.

#### **2. DEFINITIONS**

- 2.1 "**Act**" means the Companies Act, 2013 read with the rules, notifications, circulars made / issued thereunder, as amended from time to time.
- 2.2 "**Audit Committee**" means the audit committee constituted by the Board in accordance with applicable law, including the Listing Regulations and the Act.
- 2.3 "**Board**" means the board of directors of the Company, as constituted from time to time.
- 2.4 "**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with notifications, circulars made / issued thereunder, as amended from time to time.
- 2.5 "**Independent Directors**" means the independent directors appointed on the Board, from time to time.
- 2.6 "**Material Modification**" means any change to an existing Related Party Transaction which has a financial implication of 25% or more of the contract / transaction or INR 10 crores, whichever is lower.
- 2.7 "**Material Related Party Transaction**" or "**Material RPT**" means a transaction with a Related Party where the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1000,00,00,000/- (Indian Rupees One Thousand Crore only) or 10% (ten per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. However, transactions involving payments made for brand usage or royalty shall be considered material if the transaction / transactions to be entered into individually or taken

together with previous transactions during a financial year exceed 5% (five per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- 2.8 **“Related Party”** with reference to the Company means and includes a ‘related party’ as defined under Section 2(76) of the Act and/or Regulation 2(1)(zb) of the Listing Regulations.
- 2.9 **“Related Party Transactions”** or **“RPT”** means and includes transactions with Related Parties as defined under Section 188 of the Act and/or Regulation 2(zc) of the Listing Regulations.
- 2.10 **“Subsidiary”** shall mean a subsidiary as defined under Section 2(87) the Act.

Any other term and references used but not defined herein shall have the same meaning as assigned to them under the Act and/ or the Listing Regulations, as relevant.

### **3. ARM’S LENGTH PRINCIPLE**

- 3.1 All the Related Party Transactions of the Company shall be generally entered into by the Company on an arm’s length basis, i.e. as if the Related Parties were unrelated, so that there is no conflict of interest.
- 3.2 In exceptional circumstances, where permitted by law, Related Party Transactions of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board, as the case may be.
- 3.3 The test for ascertaining arm’s length relationship in a Related Party Transaction shall involve:
  - 3.3.1 reviewing prices / discounts / premiums and other terms which are offered to unrelated parties of similar category;
  - 3.3.2 contracts of similar nature that have been commercially negotiated;
  - 3.3.3 such other criteria as may be issued by the Institute of Chartered Accountants of India or any other statutory/regulatory authorities (as the case may be).
- 3.4 Further, in order to determine the optimum arm’s length price, the Company may also apply the most appropriate method as prescribed under Section 92C(1) of the Income Tax Act, 1961 and the rules made thereunder, as amended from time to time.
- 3.5 The Company shall appoint an independent external agency that shall confirm the most appropriate methodology for arriving at the arm’s length price as prescribed under the aforementioned provisions of the Income Tax Act, 1961.

### **4. MANNER OF DEALING WITH THE RELATED PARTY TRANSACTIONS**

- 4.1 All Related Party Transactions of the Company and any subsequent Material Modifications thereof shall require prior approval of the Audit Committee as per the requirement of the Act and the Listing Regulations (except transactions specifically exempt under the provisions of the Act and the Listing Regulations). Provided however that the Independent Directors who are appointed on the Audit Committee, may ratify Related Party Transactions within 3 (three)

months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- 4.1.1 the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed INR 1,00,00,000/- (Indian Rupees One Crore only);
- 4.1.2 the transaction is not a Material Related Party Transaction in terms of this Policy;
- 4.1.3 rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- 4.1.4 the details of ratification shall be disclosed along with the half-yearly disclosures of Related Party Transactions made to the stock exchanges; and
- 4.1.5 any other condition as specified by the Audit Committee.

Failure to seek such ratification from the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a Related Party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

- 4.2 Only the members of the Audit Committee, who are Independent Directors, shall approve the Related Party Transactions.
- 4.3 The information as specified in the Act and the Listing Regulations shall be provided for review of the Audit Committee for approval of the proposed Related Party Transactions.
- 4.4 The Company or its Subsidiary (as the case may be) may obtain omnibus approval from the Audit Committee for entering into Related Party Transactions which are repetitive in nature. The Audit Committee may grant such omnibus approval, subject to the following conditions:
  - 4.4.1 the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
  - 4.4.2 the omnibus approval shall specify:
    - a. Name of the Related Party;
    - b. Nature of transaction;
    - c. Period of transaction;
    - d. Maximum amount of the transaction that can be entered into;
    - e. Indicative base price / current contracted price and the formula for variation in the price, if any; and
    - f. such other conditions as the Audit Committee may deem fit.
  - 4.4.3 Provided 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 INR 1,00,00,000/- (Indian Rupees One Crore only) per transaction;

- 4.4.4 the omnibus approval granted by the Audit Committee shall be valid for a period not exceeding 1 (one) year and fresh approval of the Audit Committee shall be required after the expiry of the aforesaid period;
- 4.4.5 the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its Subsidiary (as the case may be) pursuant to each of the omnibus approvals given.
- 4.5 All Related Party Transactions within the meaning of the Section 188 of the Act shall require prior consent of the Board given by way of a resolution passed at a meeting of the Board. While giving such prior consent, the Board may specify such conditions as it may deem fit. All Related Party Transactions within the meaning of Section 188 of the Act exceeding the thresholds specified therein shall require prior approval of the shareholders of the Company. However, no such approval of the Board or shareholders is required in case of Related Party Transactions entered into by the Company in its ordinary course of business and on an arm's length business.
- 4.6 All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

**5. TRANSACTIONS COVERED UNDER OTHER PROVISIONS IN LAW / APPROVED BY SEPARATE COMMITTEES AND EXEMPTED TRANSACTIONS**

- 5.1 The transactions or arrangements which are specifically dealt with under separate provisions of the law and are executed from such approval requirements under separate approvals / procedures by relevant competent authority or committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:
  - 5.1.1 Any transaction pertaining to appointment and remuneration of directors and key managerial personnels that require approval of the Nomination and Remuneration Committee of the Company and the Board;
  - 5.1.2 Transactions that have been approved by the Board under the specific provisions of the Act e.g. inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiaries or other Related Parties;
  - 5.1.3 Any benefits, interest arising to a Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares which is in line with Board approved plan;
  - 5.1.4 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 the specific provisions of the Act or the Listing Regulations;
  - 5.1.5 Contribution towards corporate social responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee;
  - 5.1.6 Any other transaction exempted under the Act or Listing Regulations.

5.2 For the purpose of this Policy, the following transactions shall not be qualified as a Related Party Transaction:

5.2.1 issue of specified securities on a preferential basis, subject to the compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time;

5.2.2 following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding

- (i) payment of dividend;
- (ii) subdivision or consolidation of securities;
- (iii) issuance of securities by way of a rights issue or a bonus issue; and
- (iv) buy-back of securities.

5.2.3 retail purchases from the Company or any of its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

## **6. DISCLOSURE REQUIREMENTS**

6.1 Every Related Party Transaction within the meaning of Section 188 of the Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

6.2 Every Related Party Transaction within the meaning of Section 188 of Act shall be entered into the register required to be kept under Section 189 of the Act.

6.3 The Company shall submit to the stock exchanges disclosures of related party transactions every 6 (six) months on the date of publication of its standalone and consolidated financial results.

6.4 The Company shall provide the Audit Committee / its shareholders with the minimum information, as applicable, as prescribed under the industry standards on Related Party Transactions issued by the in the Industry Standards Forum (ISF).

6.5 The Company shall also submit to the stock exchanges, within such timelines as may be prescribed, disclosures of Related Party Transactions in such manner and form as may be prescribed by Securities Exchange Board of India, from time to time, and publish the same on its website.

## **7. LIMITATIONS AND AMENDMENTS**

7.1 This Policy has been approved by the Board. The Board may, as and when it deems appropriate, review and amend this Policy.

7.2 The Audit Committee shall be the reviewing authority with respect to this Policy and shall recommend amendments thereof for approval of the Board. The Audit Committee shall review this policy at such interval as it may deem necessary and recommend the changes, if any, to this Policy for the approval of the Board.

- 7.3 This Policy is being formulated keeping in mind the provisions of the Act, the Listing Regulations and other applicable laws, rules, regulations and standards in India. If there is an amendment in any of the applicable law impacting the provisions of this Policy, then this Policy shall be deemed to have been automatically amended / modified to the extent of such amendment, even if not incorporated in this Policy. Conversely, if due to subsequent amendment in the statutory provisions, this Policy or any part hereof becomes inconsistent, such amended statutory provisions shall prevail and this Policy shall be deemed to be amended to that extent.
- 7.4 The Policy will be reviewed as and when required but at least once in in three years. The Board has the power and authority to amend and modify this Policy in light of modifications and amendments in the Listing Regulations and Act or otherwise.

*This policy has been amended vide resolution passed by Board of Directors of the Company on August 07, 2025.*