

RELATED PARTY TRANSACTION POLICY

1. Introduction and Background

N R Agarwal Industries Limited recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

2. Scope & Inclusion

This policy sets definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

3. Terms and References

3.1 Related Party

“Related Party” shall have the same meaning as defined under Section 2(76) of the Companies Act, 2013 (“the Act”) and Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“Listing Regulations”).

3.2. Related Party Transaction

“Related Party Transaction” means related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations.

3.3 Related Party Transaction(s) of the Company

Related Party Transaction(s) where the Company is a party to the transaction(s) /contract(s) / arrangement(s) with a related party.

3.4 Related Party Transaction(s) of the Subsidiary

Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party but the Company is not a party.

3.5 Materiality of Related Party Transaction(s)

“Material Related Party Transaction” shall mean a transaction to be entered into with and between Related Parties, which individually or taken together with previous transactions during a financial year, exceed the threshold of:

- 5% of the annual consolidated turnover of the Company as per its last audited financial statements, or such sum or limit as may be prescribed under the Listing Regulations, in case of transactions involving payments made with respect to brand usage or royalty, or
- threshold limits specified in Schedule XII of the Listing Regulations, as amended from time to time, read with circulars issued by SEBI in this regard.

3.6 Material Modifications

Material modifications in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 20% or rupees fifty crore, whichever is higher.

3.7 Subsidiary

“Subsidiary” means a subsidiary as defined under sub-section (87) of section 2 of the Act.

3.8 Arm’s length transaction

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.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder

3.9 “**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

4. Policy

4.1 All Related Party Transaction(s) shall be entered on arms' length basis.

4.2 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, as the case may be.

- 4.3 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee and / or Board of Directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.
- 4.4 Transactions with the related parties within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors.
- 4.5 All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards as amended from time to time.
- 4.6 All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- 4.7 All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

5. Approval

- 5.1 All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations and SEBI Circulars issued from time to time.
- 5.2 All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified the Companies Act read with rules made thereunder and Listing Regulations read with SEBI Circulars issued from time to time, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.
- 5.3 Only the members of the Audit Committee, who are Independent Directors shall approve related party transactions.
- 5.4 The Audit Committee may grant omnibus approval for Related Party Transactions of repetitive nature, proposed to be entered into by the Company or its subsidiary, subject to the following conditions:
- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of

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transactions which are repetitive in nature.

- The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that shall 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/information as may be prescribed under the Act/ Listing Regulations / minimum information about the RPTs as per the provisions of the SEBI Circulars issued in this regard, and applicable Industry Standards (as may be modified from time to time) or as may be required by the Audit Committee.

Provided that threshold limits for dealing with Related Party Transaction shall be the aggregate amount(s) approved by Audit Committee for each financial year while granting its omnibus approval for Related Party Transaction(s) proposed to be entered into by the Company for the relevant financial year (April-March). However, threshold limits for determining materiality of Related Party Transactions shall be as provided under relevant provisions of the Act and Listing Regulations as amended from time to time.

Provided further that where the need for 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 per transaction or such higher amount as permitted under the Act/SEBI Listing Regulations.

- Audit Committee approval shall not be required in case of remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material specified in Regulation 23.
- Audit Committee approval shall not be required for transactions between holding company and wholly owned subsidiaries whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- The Audit Committee shall review, the details of Related Party Transactions entered into by the Company or its Subsidiary pursuant to each of the omnibus/other approval given, on periodic basis as may be required and/or on such intervals as per the provisions of the Act/SEBI Listing Regulations as amended from time to time.
- Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

6. Shareholders' Approval requirements:

Shareholder's approval shall be sought in the following cases as per the requirements of Companies Act 2013:

- Transactions with the related parties covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'arm's Length Basis' and exceeds the threshold limit under section 188 of the Companies Act 2013 shall also require prior approval of the shareholders through resolution.
- No member of the Company shall vote in a resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

Shareholder's approval shall be sought in the following cases as per the requirements of Regulation 23:

- All Material Related Party Transactions covered within the scope of Regulation 23 shall require approval of the shareholders through resolution.
- For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.
- However, the above shall not be applicable to transactions between holding and its wholly owned subsidiary whose accounts are consolidated with holding company and placed before the shareholders at the general meeting for approval.

The Board of Directors shall, decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot in accordance with the Act and Rules thereunder and Listing Regulations.

7. Ratification

The independent members of the Audit Committee, may ratify related party transactions within 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:

- (i) 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 rupees one crore;
- (ii) the transaction is not material **in terms of the provisions of sub-regulation (1) of regulation 23 of Listing Regulations.**
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions **in terms of the provisions of sub-regulation (9) of regulation 23 of Listing Regulations**

(v) any other condition as specified by the audit committee:

Failure to seek ratification of 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.

8. Disclosure Requirements

Disclosures of related party transactions shall be made to stock exchanges in the format as specified by the SEBI/Stock Exchanges from time to time within the statutory timelines as prescribed. These disclosures shall also be simultaneously uploaded on the company's website.

The remuneration and sitting fees paid by the company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not material.

9. Amendment

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

10. Review

This Policy will be reviewed at least once in three years or at such interval as may be required or prescribed under the Act or Listing Regulations.

This policy was approved and adopted at the Board Meeting held on November 10, 2014 and further amended on May 21, 2019, May 19, 2022, January 22, 2024, February 11, 2025 and February 11, 2026.

This policy is available on the Company's website at: http://nrail.com/Company_policies.html