NDR AUTO COMPONENTS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

[Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018 (LODR) read with Section 188 of the Companies Act, 2013 and Rules there under]

Date of last amendment	March 24, 2025

I. INTRODUCTION

NDR Auto Components Limited ("Company" or "NACL") has adopted policy regarding Related Party Transactions in order to set forth the procedures for transactions with Related Parties. (As defined below).

Policy on Related Party Transactions is formulated/ amended based on materiality of Related Party Transactions subsequent material modifications as defined by Audit Committee and on dealing with Related Party Transactions as provided in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and Section 188 of the Companies Act, 2013 and rules made there under and subject to change as required by law from time to time.

II. DEFINITIONS

"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" means associate company as defined in Section 2(6) of the Companies Act, 2013 and LODR.

"Audit Committee or Committee" means Audit Committee constituted by the Board of Directors of the Company under the provisions of the LODR and the Companies Act, 2013, from time to time.

"Board of Directors" or **"Board"** means the Board of Directors of the Company, as constituted from time to time. "

"Independent Director" means an independent director referred to in Section 149(6) of the Companies Act, 2013, and LODR.

"Material Related Party Transaction" a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Material modifications" means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved.

"Relative", with reference to any person, means anyone who is related to another, if:

1. they are members of a Hindu Undivided Family;
2. they are husband and wife; or
3. if he or she is related to another in the following manner:
   a) Father including step-father;
   b) Mother including step-mother;
   c) Son including step-son;
   d) Son's wife;
   e) Daughter;
   f) Daughter's husband;
   g) Brother including step-brother;
   h) Sister including step-sister

"Related Party", with reference to the Company, means—

i. A director or his relative;
ii. A key managerial person 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 on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that sub-clauses (vi) and (vii) will not be applicable where the advice, directions or instructions are given in a professional capacity;
viii. Any body corporate which is—

a) a holding, subsidiary or an associate company of such company;
b) a subsidiary of a holding company to which it is also a subsidiary; or
c) an investing company or the venturer of the company;";

Explanation.—For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

ix. any person or entity forming a part of the promoter or promoter group of NACL; or

(b) any person or any entity, holding ten per cent or more equity shares in NACL either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:"

"Related Party Transaction"

Means a transaction involving a transfer of resources, services or obligations between:

(i) NACL or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of NACL or any of its subsidiaries.

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:

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. sub-division or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

(c) retail purchases from NACL or 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.

"Significant Influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement. "Subsidiary Company" or

"Subsidiary" in relation to any other company (that is to say the holding Company), means a company in which the holding company –

a) controls the composition of the Board of Directors; or

b) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:
the expression "company" includes any body corporate.

"Transactions in the ordinary course of business" means transactions which are in the ordinary course of business as per the judicial precedents in India from time to time.

Explanation – In view of the current judicial precedents, the following tests should be considered if a transaction is in the 'ordinary course of business' of the Company:

a) The memorandum of association of the Company should include the business activity which is in question;
b) Previous instances of the Company having carried out the activity which is in question;
c) The activity in question should be in furtherance of the business objectives of the Company and there should be close proximity of the activity in question with the normal business of the Company.

"Determination of Arms' length nature of the Related Party Transaction"

(a) Price Determination: At the time of determination the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

i. Permissible methods of arms' length pricing as per Applicable Law.
ii. For the said purposes, Audit Committee shall be entitled to rely on profession opinion in this regard.

(b) Underwriting and Screening of arms' length Related Party Transaction:

(i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.

(ii) The management shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure. If the Audit Committee is of the opinion that the Related Party Transaction meets the aforesaid criteria of Ordinary Course of Business and the Arms' Length nature, the Related Party Transaction will not be treated as a Related Party Transaction for the purpose of this Policy.

III. POLICY

A) Approval of Audit Committee

Pursuant to Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of LODR, all related party transactions and subsequent material modifications shall require approval of the Audit Committee and the Audit

Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall, specify the criteria for making the omnibus approval, in line with the policy on Related Party Transactions of the Company.

b) The Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;

c) The omnibus approval shall contain/indicate/ specify

i. the name/s of the related party,
ii. nature of transaction and period/duration of transaction,
iii. maximum amount of transaction that can be entered into,
iv. the indicative base price / current contracted price and the formula for variation in the price if any and
v. any other information relevant or important for the Audit committee to take a decision on the proposed transaction or such other conditions as the Audit Committee may deem fit;
vi. where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

d) Audit Committee shall review, at least 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.

f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

g) Remuneration and sitting fees paid by the Company to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

h) The members of the audit committee, who are independent directors, 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

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 regulation 23(9) of LODR.

v. any other condition as specified by the audit committee.

Provided that 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 listed entity against any loss incurred by it.

B) Approval of the Board

All transactions which are not in the Ordinary course of business or an Arm's Length Transaction, the Company shall comply with the provisions of Section 188 of the Companies Act, 2013 and the rules framed thereunder and obtain approval of the Board or its shareholders as applicable, for such contract or arrangement.

C) Approval of the Shareholders

All material Related Party Transactions and subsequent material modifications as defined by the audit committee shall require 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.

IV. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

If case of any inconsistency between Policy on Related Party Transactions and the Indian regulations, the requirements of the Indian regulations shall prevail.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities including SEBI, 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.