

POLICY OF SNL BEARINGS LTD FOR DEALING WITH RELATED PARTY TRANSACTIONS (RPT)

Scope and purpose

During the course of its business, the company enters into transactions with various entities. Some of the transactions are deemed to be “Related Party Transactions” (RPT) as per the Accounting Standards (AS18) as also under the Companies Act, 2013, the rules framed thereunder as well as the revised Clause 49 of the Listing Agreements relating to Corporate Governance.

This policy is intended to ensure proper approval and reporting of the concerned transactions between the company and its related parties.

In view of the above, pursuant to the review and recommendations of the Audit Committee at its meeting held on 29th January, 2015 the Board of Directors at its meeting held on the same date.

Clarifications and amendments

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 of Directors..

Definitions

- **‘Related Party’** with reference to the Company shall mean and include a related party as defined under:
 - i) Section 2(76) of the Companies Act, 2013; or
 - ii) applicable accounting standards.

- A **‘Related Party Transaction’ (RPT)** shall mean and include following transactions with Related Parties :
 - i) any contract or arrangement as defined under Section 188(1) of the Companies Act, 2013;
or
 - ii) transfer of resources, services or obligations between the Company and a Related Party, regardless of whatever a price is charged.

RPT shall be construed to include single transaction or a group of transactions in a contract.

- A transaction with a Related Party shall be considered '**Material**' (**Material RPT**) if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- **Arm's length principle:**

All RPTs are generally entered into by the Company on an arm's length basis, i.e. as if the parties were unrelated, so that there is no conflict of interest.

Terms of the Policy

- All RPTs or any subsequent modification thereof shall require prior approval of the Audit Committee as per the applicable requirements of the Companies Act, 2013 or Listing Agreement, as the case may be.
- In case of RPTs which are repetitive in nature, the Audit Committee may grant omnibus approval.

Such omnibus approval may specify:

- i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that 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.

While granting such omnibus approvals, the Audit Committee may specify that the omnibus approval shall be valid for a period not exceeding one year or such other period as it may deem fit. Fresh approval of the Audit Committee shall be required after the expiry of the said period;

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction or such other amount as the Audit Committee may deem fit.

- All RPTs within the meaning of the Section 188 shall require prior consent of the Board of Directors given by way of a resolution passed at a meeting of the Board.

While giving such prior consent, the Board of Directors may specify such conditions as it may deem fit.

However, no such approval of the Board of Directors shall be required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.

- All RPTs within the meaning of Section 188 of the Companies Act, 2013 exceeding threshold specified therein shall require prior approval of the shareholders of the Company through special resolution. However, no such approval of the shareholders is required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.
- All Material RPTs shall require approval of the shareholders of the Company through special resolution. However, approval of the shareholders of the Company shall not be required in case of Material RPTs between the Company and its wholly owned subsidiaries.
- No member of the Company shall vote on such resolution, if such member is a Related Party.

Governance structure

Identification of related party transactions

- In terms of Section 188 (1) of the Companies Act, 2013, the following contracts or arrangements with a related party can be entered into only with the consent of the 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
 - g. underwriting the subscription of any securities or derivatives thereof, of the company

The company has established internal procedures wherein the relevant details of related parties are collated based on the disclosure received.

The related party list shall be updated periodically and shall be reviewed at least once a year as on 1st April every year.

Ascertaining whether Related Party Transactions are on an Arm's Length Basis

- the tests for ascertaining arm's length relationship would involve:
 - a. reviewing prices/discounts/premiums and other terms which are offered to unrelated parties of similar category
 - b. contracts have been commercially negotiated
 - c. such other criteria as may be issued by the Institute of Chartered Accountants of India or any other statutory/regulatory authorities

- 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.
- appoint an independent external agency that shall confirm the most appropriate methodology for arriving at the arm's length price as prescribed under the above Income Tax provisions.

Disclosure requirements

- All RPTs shall be placed before Audit Committee on a quarterly basis for its review.
- Details of all Material RPTs shall be disclosed to the stock exchanges quarterly along with the compliance report on corporate governance.
- Disclosures in compliance with the applicable Accounting Standards on RPTs shall be made by the Company in its Annual Report.
- Every RPT within the meaning of Section 188 of the Companies Act, 2013 shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- Every RPT within the meaning of Section 188 of the Companies Act, 2013 shall be entered into the register required to be kept under Section 189 of the Companies Act, 2013.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable

- | | |
|--|------|
| (a) Name(s) of the related party and nature of relationship: | N.A. |
| (b) Nature of contracts/arrangements/transactions: | N.A. |
| (c) Duration of the contracts / arrangements/transactions: | N.A. |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | N.A. |
| (e) Justification for entering into such contracts or arrangements or transactions: | N.A. |
| (f) date(s) of approval by the Board: | N.A. |
| (g) Amount paid as advances, if any: | N.A. |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: | N.A. |

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship:

- | | | |
|------|-----------------------------------|---|
| i) | NRB Bearings Limited – | Holding Company |
| ii) | NRB Bearings (Thailand) Limited – | Fellow Subsidiary |
| iii) | Ms. H. S. Zaveri - | Key Management Personnel |
| iv) | Mr. S. C. Rangani | Key Management Personnel |
| v) | Mr. Bankim D. Purohit | Key Management Personnel
(Company Secretary w.e.f. 29/04/2015) |

(b) Nature of contracts/arrangements/transactions:

- | | | |
|------|-----------------------------------|--|
| i) | NRB Bearings Limited – | Sale of Finished Goods;
Purchase of Raw Materials;
Redemption of Preference Shares;
Dividend; |
| ii) | NRB Bearings (Thailand) Limited – | Sale of Finished Goods;
Sales Commission; |
| iii) | Ms. H. S. Zaveri - | Sitting Fees |
| iv) | Mr. S. C. Rangani - | Sitting Fees |
| v) | Mr. Bankim D. Purohit - | Remuneration |

(c) **Duration of the contracts / arrangements/transactions:**

Ongoing Related Party Transactions.

(d) **Salient terms of the contracts or arrangements or transactions including the value, if any:**

1) **Salient terms of Contract/ arrangements/ transaction:** As mentioned below:

Sr. No.	Name of the Related Parties	Nature of Contract/ arrangements/ transactions	Salient Terms of Contract/ arrangements/ transactions
1.	NRB Bearings Limited	Sale/ Purchase of Goods	As per Purchase Orders placed for their requirements of Raw Materials, Components and Finished Products.
2.	NRB Bearings Limited	Redemption of Preference Shares	As per terms and conditions of issue of Preference Shares
3.	NRB Bearings Limited	Dividend on Preference Shares	As per terms and conditions of issue of Preference Shares
4.	NRB Bearings (Thailand) Limited	Sale of Finished Goods	As per Purchase Orders placed for their requirements of Raw Materials, Components and Finished Products.
5.	NRB Bearings (Thailand) Limited	Sales Commission	As per Inter Company Agreement made between the Company and NRB Bearings (Thailand) Limited to promote the sale of the products manufactured by the Company in Asian Countries.
6.	Ms. H. S. Zaveri	Sitting fees	As approved by Board
7.	Mr. S. C. Rangani	Sitting fees	As approved by the Board
8.	Mr. Bankim Purohit	Remuneration	As approved by the Nomination and Remuneration Committee.

2) **Value of the transactions with the related parties:** As mentioned below:

(Rupees in lacs)

i)	NRB Bearings Limited –	Sale of Finished Goods	1562.74
		Purchase of Raw Materials	38.84
		Redemption of Preference Shares	150.00
		Dividend (Proposed)	230.56

ii)	NRB Bearings (Thailand) Limited –	Sale of Finished Goods	7.26
		Sales Commission	2.24
iii)	Ms. H. S. Zaveri -	Sitting Fees	1.10
iv)	Mr. S. C. Rangani -	Sitting Fees	0.82
v)	Mr. Bankim D. Purohit	Remuneration	Nil
		(Company Secretary w.e.f. 29/04/2015)	

- (e) **Date(s) of approval by the Board, if any:**
- i) 25th April, 2014
 - ii) 29th June, 2014
 - iii) 30th October, 2014
 - iv) 29th January, 2015

(f) **Amount paid as advances, if any: Not Applicable**

S C Rangani
Director

Dated: