

BGR ENERGY SYSTEMS LIMITED

MATERIAL SUBSIDIARY POLICY

1. Objective:

This Policy is framed, in accordance with the requirement of Clause 49 of the Listing Agreement (including amendments thereof) and intended for determining "material" subsidiaries of the Company.

2. Definitions and Interpretations

Words and expressions used but not defined in the policy shall have respective meaning as assigned to them in the Listing Agreement between the Company and the stock exchanges.

3. Criteria for determining the Material subsidiaries:

3.1 A subsidiary shall be a Material Subsidiary for a financial year, if any of the following conditions are satisfied:

- a. If the investment of the Company in the subsidiary exceeds 20% of consolidated net worth of the Company as per the audited balance sheet of previous financial year; or
- b. If the subsidiary has generated 20% of the consolidated income of the Company in the previous financial year.

3.2 A subsidiary shall be deemed as material subsidiary, if the Board of Directors renders such an opinion while considering status of any subsidiary and designate it as a material subsidiary.

4. Amendments:

The Board may amend or modify this policy in whole or in part, at any time; provided however no amendment or modification shall be inconsistent with the applicable provisions of the Listing Agreement or any law for the time being in force.

5. Disclosures

The Policy for determining material subsidiaries will be disclosed on the Company's website (www.bgrcorp.com) and by way of web-link in the Annual Report of the Company.

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