



## **BGR ENERGY SYSTEMS LIMITED**

### **POLICY ON RELATED PARTY TRANSACTIONS AND ITS MATERIALITY**

*(Approved at Board Meeting held on November 12, 2014 and amended at the Board Meeting held on August 13, 2021, February 14, 2022, May 28, 2025 and subsequently amended at Board Meeting held on February 13, 2026)*

#### **1. INTRODUCTION**

BGR Energy Systems Limited ("**Company**") is governed, amongst others, by the Companies Act, 2013 and the rules framed thereunder, as amended ("**Act**"), and regulations framed by Securities and Exchange Board of India ("**SEBI**"). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") has mandated every listed company to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions ("**Policy**").

Accordingly, the Company has formulated this Policy. This Policy regulates all transactions between the Company and its Related Parties.

#### **2. PURPOSE**

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This Policy deals with materiality threshold, process of identification, disclosures and the manner of dealing Transactions with Related Party by the Company keeping in view the provisions of the Act read with the rules made thereunder and LODR.

#### **3. DEFINITION**

- A. "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.
- B. "Board of Directors" or "Board" in relation to the Company means the collective body of the directors of BGR Energy Systems Limited
- C. "Company" means BGR Energy Systems Limited

- D. Key Managerial Personnel (KMP) in relation to the Company means:
- i. the Chief Executive Officer, or the Managing Director;
  - ii. the Company Secretary;
  - iii. the Whole-time director;
  - iv. Chief Financial Officer;
  - v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - vi. such other officer as may be prescribed.
- E. **"Material modification"** means any modifications to an existing related party transaction having a variance of 25% of the existing limit sanctioned by the Audit Committee/Board of Directors /Shareholders, as the case may be.
- F. **"Ordinary course of business"** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- G. **"Relative"** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013
- H. **"Related Party"** shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.
- I. **"Related party transaction"** means a transaction involving a transfer of resources, services or obligations between:
- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
  - (ii) a listed entity 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 the listed entity or any of its subsidiaries, with effect from April 1, 2023; 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. 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.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Listing Regulations, as amended from time to time.

#### **4. IDENTIFICATION OF RELATED PARTIES AND THE RELATED PARTY TRANSACTIONS**

Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,

- a. at the time of appointment;
- b. periodically – as required by the Company or applicable law
- c. whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

## **5. RELATED PARTY TRANSACTION TO BE CONSIDERED MATERIAL**

1. A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the following:

<b>Consolidated Turnover of Listed Entity</b>	<b>Threshold</b>
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

***Explanation:*** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements.

2. 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 listed entity as per the last audited financial statements of the listed entity.

## **6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

### ***Approval of Related Party Transactions***

#### **A. Audit Committee**

- i. All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee of the listed company in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- ii. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length basis, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.

- iii. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria / conditions as mentioned under the Act and the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.
- iv. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and Material modifications thereof, entered into by the Company pursuant to the omnibus approval. Certain procedural aspects concerning review of a Related Party Transaction may be modified or waived by the Committee, at its discretion.
- v. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- vi. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.
- vii. The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations.
- viii. a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:
  - (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
  - (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations.
- ix. In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:
  - i. ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
  - ii. the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.
- x. prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity

is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

**Remuneration and sitting fees:**

Remuneration and sitting fees paid by listed entity or its subsidiary to its directors, KMPs or senior management (excluding promoters/promoter group) is now exempt from the requirement of prior approval of audit committee provided the transaction is not material. Further, no disclosure is required to be made to the stock exchanges for the same.

**Post facto ratification of RPTs:**

In case if RPT is not approved (prior / omnibus) by the audit committee, then the members of audit committee can ratify RPTs within 3 months from entering into the transaction (or) in the immediate next meeting, whichever is earlier, provided the value of the RPTs is less than Rs. 1 crore in a financial year, the RPT is not-material in nature and subject to fulfillment of specified conditions. In case RPT is not ratified, then such transaction will be 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 concerned shall indemnify the listed entity against any loss incurred by it.

**B. Board of Directors:**

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

**C. Shareholders:**

- i. If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.
- ii. The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the

shareholders at the general meeting for approval. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations.

### ***Reporting of Related Party Transactions***

### **7.LIMITATION, REVIEW AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("**Applicable Law**"), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.

The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).

### **8.DISCLOSURE OF THE POLICY**

This Policy will be uploaded on the website of the Company and a web link thereto shall be provided in the annual report.

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