

Bemco Hydraulics Limited

KHANAPUR ROAD, UDYAMBAG, BELGAUM, 590008

POLICY ON RELATED PARTY TRANSACTIONS

**Approved by Board of directors in the Meeting
held on 25th May, 2026**

POLICY ON RELATED PARTY TRANSACTIONS

1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions (RPT) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and as per regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bemco Hydraulics Limited (“the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, regulation 23 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions

In light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Audit Committee may, if thought fit, review and amend the Policy, as and when required, subject to the approval of the Board.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

- (a) The materiality thresholds for related party transactions and;
- (b) The manner of dealing with the transactions between the Company and its related parties based on the Act and SEBI Listing Regulation.

3. DEFINITIONS

- a) As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, related parties are defined as follows:
 - Entities covered under section 2 (76) of the Companies Act 2013, and
 - Entities who are related parties under the applicable accounting standards i.e. Accounting Standard 18 (AS 18)

b) Related Party as per the Companies Act, 2013

As per section 2(76), related party with reference to a Company, means-

- i. a director or his relative;
- ii. a key managerial personnel (KMP) 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. anybody 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 nothing in sub-clauses (VI) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii. any company which is—
 - a holding, subsidiary or an associate company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary
 - an investing company or the venturer of the company
- ix. such other person as may be prescribed:

Rule 3 of the companies (Specification Of Definitions Details)Rules 2014

A director other than an independent director or key managerial personnel of the holding company or his relative with reference to the company, shall be deemed to be a related party

c) Relative:

As per section 2(77) of the Act, relative with reference to any person, means anyone who is related to another, if—

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. One person is related to the other in such manner as may be prescribed.
Rule 3 of the companies (Specification Of Definitions Details)Rules 2014
List of relative in terms of clause (77) of section 2:
a person shall be deemed to be relative of another, if he or she is related to another in the following manner namely :-
 1. Father- provided that the term includes step father
 2. Mother- provided that the term includes step Mother
 3. Son- provided that the term includes step son
 4. Son's wife
 5. Daughter
 6. Daughter's Husband
 7. Brother- provided that the term includes step Brother
 8. Sister- provided that the term includes step sister.

d) Subsidiary:

As per Section 2 (87) of the Act 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—

- i. controls the composition of the Board of Directors; or
- ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have 2 layers of subsidiaries.

Provided that for computing the number of layers under this rule, one layer which consists of one or more wholly owned subsidiary or subsidiaries which shall not be taken into account.

Explanation.—For the purposes of this clause,—

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c) the expression "company" includes any body corporate;
- d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

e) Key Managerial Personnel as per section 2 (51) of the Companies Act, 2013 means:

- i. the Chief Executive Officer or the managing director or the manager;
- ii. the company secretary;
- iii. the whole-time director;
- iv. the 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.

f) "Chief Executive Officer" under section 2(18) means an officer of a company, who has been designated as such by it.

g) "Chief Financial Officer" under section 2 (19) means a person appointed as Chief Financial Officer of the company.

h) "Managing Director" under section 2(54) means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of

Management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

i) Definition of Related Party Transaction as per SEBI

A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. 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 exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

j) Definition of Related Party as per Accounting Standard 18:

As per Paragraph 3 of Accounting Standard 18 issued by the Institute of Chartered Accountants of India, related parties are as described in (a) to (e) below:

- a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- b) associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- d) key management personnel and relatives of such personnel; and
- e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

4. POLICY:

In supersession of the existing Policy, the Policy on materiality of & dealing with Related Party Transactions, which is to be read together with Regulation 23 of the Listing Regulations, the relevant Circulars issued thereunder and the applicable provisions of the Companies Act, 2013, is accordingly revised as under:

1. The terms 'Related Party', 'Related Party Transactions', 'Relative', 'Material Related Party Transactions', 'Arm's length transaction', 'Omnibus Approval' and such other terms will carry the same meaning as stated under the Companies Act, 2013 or the Listing Regulations (including the Schedules thereto), as amended from time to time.

2. Approval of Related Party Transactions by Audit Committee:

- a. All the Related Party Transactions ('RPTs'), including subsequent material modifications thereof covered under the Companies Act, 2013 and Regulation 23 of the Listing Regulations will be approved by the Audit Committee of the Board from time to time, subject to such exceptions as are provided therein.
For the above purpose, 'material modifications' as defined (including any revisions made thereto) by the Audit Committee would refer to the following: 'Material modification' will mean & include any modification to an existing RPT having variance of 20% of the existing limit or Rs. 25 crore whichever is higher, as sanctioned by the Audit Committee / Shareholders, as the case may be.
- b. In case of the RPTs above Rs. 1 crore to which the subsidiary of the Company is a party, but the Company is not a party, the prior approval of the Audit Committee of the Company shall be required only if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds lower of the following, as applicable:

A	B
For subsidiary having audited financial statements:	For subsidiaries not having audited financial statements for a period of at least one year:
<p>i. 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary, or,</p> <p>ii. ii. the threshold for Material RPTs of the Company as per the Listing Regulations.</p>	<p>i. 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary, or,</p> <p>ii. ii. the threshold for Material RPTs of the Company as per the Listing Regulations.</p> <p>Note: The aggregate value of paidup share capital and securities premium account of the subsidiary shall be taken as on a date, not older than 3 months prior to the date of seeking approval of the Audit Committee.</p>

- c. The Audit Committee may grant omnibus approval, on the basis of the criteria laid down (as detailed in 'Annexure 1' and 'Annexure 2' to this Policy), for related party transactions proposed to be entered into by the Company or by its subsidiaries to which the Company is not a party, subject to the conditions

specified in the relevant provisions of the Listing Regulations and the Companies Act, 2013, as applicable.

- d. The Audit Committee may ratify the related party transaction(s) within 3 months from the date of transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the conditions specified in the provisions of the Listing Regulations and the Companies Act, 2013, if any. The value of such ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore.
- e. e. The Company shall place before the Audit Committee the information as specified by SEBI or any other authority, from time to time while placing any proposal for review and approval of the RPTs.

3. Approval of Related Party Transactions by the Board of Directors:

- a. In terms of the provisions of Section 188(1) of the Companies Act, 2013, the prior approval of the Board of Directors shall be required for the transactions specified therein and more particularly stated in Clause 5 of this Policy. However, such approval shall not be required for transactions entered into by the Company in its ordinary course of business and on arm's length basis.
- b. The approval of the Board of Directors shall also be required for the related party transactions which are intended to be placed before the Shareholders for prior approval and such other transactions as referred to the Board by the Audit Committee.

4. Approval of Related Party Transactions by the Shareholders:

- a. Pursuant to the provisions of the Listing Regulations, all 'Material Related Party Transactions' and subsequent material modifications thereto, shall require prior approval of the Shareholders of the Company, subject to such exceptions as provided therein. In such case, no Shareholder of the Company who is a related party shall vote to approve, irrespective of being related to the said transaction or not.
- b. Transactions with related parties which exceed the threshold limits specified in Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and more particularly stated in Clause 5 of this Policy, shall require prior approval of the Shareholders of the

Company, subject to such exceptions as provided therein. However, such approval shall not be required for transactions entered into by the Company in its ordinary course of business and on arm's length basis.

- c. The Company shall provide the information as specified by SEBI or any other authority from time to time in the explanatory statement to the notice being sent to Shareholders seeking their approval for proposed RPTs.
5. Notwithstanding the above, approval of the Board & Shareholders would be necessary, where the RPTs exceeds the threshold limits stated below, as applicable:

Description	Threshold limits
Sale, purchase or supply of any goods or materials.	<p>A. Consolidated Turnover of the Company is up to Rs. 20,000 crore: 10% of the annual consolidated turnover of the Company.</p>
Selling or otherwise disposing of or buying of any property including by way of lease and license arrangement.	
Availing or rendering of any services.	
Other matters (*excluding payment made for brand usage or royalty)	<p>B. Consolidated Turnover of the Company is more than Rs. 20,000 crore to up to Rs. 40,000 crore: Rs. 2,000 crore + 5% of the annual consolidated turnover of the Company above Rs. 20,000 crore.</p> <p>C. Consolidated Turnover of the Company is more than Rs. 40,000 crore: a. Rs. 3,000 crore + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 crore, or, b. Rs. 5,000 crore whichever is lower.</p> <p>Note: The annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.</p>
*For payments made for brand usage or royalty.	Exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

6. Dissemination of the Policy on the Company's website: This Policy shall be hosted on the website of the Company.

7. Review of the Policy: This Policy is subject to review from time to time and at least once in every three years.

The Chairman and the Chairman of the Audit Committee may make changes to the above Policy as they may deem expedient, taking into account the law for the time being in force.

Date : 25/05/2026

Place : BELGAUM

Annexure 1

Criteria for grant of omnibus approval for related party transactions of the Company (*as approved by the Board of Directors of the Company based on the recommendations of the Audit Committee.)

Sr. No.	Particulars	Criteria
1	Maximum value of the transactions, per related party, which can be allowed under the omnibus route (whether entered into individually or taken together with previous transactions during a financial year).	10% of the annual consolidated turnover of the Company as per the last audited financial statements.
2	Factors to be considered.	a. Repetitiveness of the transactions (in past or in future). b. Justification for the need of omnibus approval. c. Interest of the Company.
3	Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.	Following details are to be placed before the Audit Committee: a. name of the related parties; b. nature and duration of the transaction; c. maximum amount of transaction that can be entered into; d. the indicative base price or current contracted price and the formula for variation in the price, if any; e. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction, including the details as prescribed or as may be prescribed in the applicable provisions of the Companies Act, 2013, Listing Regulations and the Circulars issued thereunder and as amended from time to time. Where the transaction cannot be foreseen and aforesaid details are not available, omnibus approval for such transactions may be taken subject to their value not exceeding Rs. 1 crore per transaction.
4	Review of transactions entered into by the Company pursuant to omnibus approval made.	Summary of related party transactions shall be placed before the Audit Committee for review at such intervals as may be deemed necessary by the Audit Committee.
5	Transactions which cannot be subject to the omnibus approval of the Audit Committee.	Transactions in respect of selling or disposing of the undertaking of the Company
6	Validity / condition of approval	a. For one financial year; and b. Shall be in line with the Policy on Materiality of Related Party Transactions of the Company

Annexure 2

Criteria for grant of omnibus approval for related party transactions of the subsidiaries to which the Company is not a party. (*as approved by the Board of Directors of the Company based on the recommendations of the Audit Committee.)

Sr. No.	Particulars	Criteria
1.	Transactions of the Subsidiary Company that require approval of the Audit Committee of BAL, which can be allowed under the omnibus route, per related party (whether entered into individually or taken together with previous transactions during a financial year).	<p>A. For subsidiary having audited financial statements:</p> <p>i. 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary, or,</p> <p>ii. the threshold for material RPTs of the Company. whichever is lower.</p> <p>B. For subsidiaries not having audited financial statements for a period of at least one year:</p> <p>i. 10% of aggregate value of paid-up share capital and securities premium account of the subsidiary, or,</p> <p>ii. the threshold for material RPT of the Company. whichever is lower.</p> <p>Note: The aggregate value of paid-up share capital and securities premium account of subsidiary shall be taken as on a date not older than 3 months prior to date of seeking approval of the Audit Committee.</p>
2	Maximum value of the transactions of the Subsidiary Company that require approval of the Audit Committee of BAL, per related party, which can be allowed under the omnibus route (whether entered into individually or taken together with previous transactions during a financial year).	10% of the annual consolidated turnover of the Company as per the last audited financial statements.
3	Factors to be considered.	<p>a. Repetitiveness of the transactions (in past or in future).</p> <p>b. Justification for the need of omnibus approval.</p> <p>c. Interest of the Subsidiary Company</p>

4	Extent and manner of disclosures to be made to the Audit Committee of BAL at the time of seeking omnibus approval.	<p>Following details are to be placed before the Audit Committee:</p> <ul style="list-style-type: none"> a. name of the related parties; b. nature and duration of the transaction; c. maximum amount of transaction that can be entered into; d. the indicative base price or current contracted price and the formula for variation in the price, if any; e. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction including the details as prescribed or as may be prescribed in the applicable provisions of the Companies Act, 2013, Listing Regulations and the Circulars issued thereunder and as amended from time to time. <p>Where the transaction cannot be foreseen and aforesaid details are not available, omnibus approval for such transactions may be taken subject to their value not exceeding Rs. 1 crore per transaction.</p>
5	Review of transactions entered into by the Subsidiary Company pursuant to omnibus approval made.	Summary of the related party transactions shall be placed before the Audit Committee for review on a quarterly basis.
6	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Transactions in respect of selling or disposing of the undertaking of the Subsidiary Company.
7	Validity / condition of approval.	<ul style="list-style-type: none"> a. For one financial year; and b. Shall be in line with the Policy on Materiality of & dealing with Related Party Transactions.