BEW Engineering Limited

Policy on Related Party Transactions

Contents

1. INTRODUCTION.:

Related Party Transactions have been one of the major areas of focus for Corporate Governance reforms being initiated in India. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as SEBI Listing Regulations, 2015), BEW Engineering Limited has formulated policy on related party transactions.

Moreover, Regulation 23(1) of SEBI Listing Regulations, 2015, requires a listed company to formulate a policy on materiality of related party transactions and for dealing with related party transactions.

This Policy is being adopted by the Board of Directors of the Company and going forward; the Board would review the Policy atleast once in every three years and amend the same, if so required.

In case of any inconsistency in the Policy; and the Act or SEBI Listing Regulations, as may be amended from time to time, the provisions of the Act or SEBI Listing Regulations would prevail, as may be applicable.

2. ABOUT THE COMPANY.:

BEW Engineering Limited ("the Company") is engaged in design and manufacture of Pharmaceutical & Chemical plants and process equipment. The Company designs and manufactures special range of filtration, mixing and drying equipments specifically used in Pharmaceuticals, Sterile Applications, Intermediate Compounds, Fine Chemicals, Chemicals, Agro Chemicals, Pesticides, Insecticides, Dyes and Food Products. These equipments are manufactured from material such as Stainless Steel, Alloy Steel, Hastelloy etc. with various linings as per International Codes: a) IS b)BS c)ASME d)TEMA e)DIN f)CE Marks etc.

3. 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, Regulation 23 of SEBI Listing Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

4. DEFINITIONS.:

a) **"Act"** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

b) **"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.

c) **"Audit Committee"** means the Committee of the Board under Section 177 of the Act and Regulation 18 of SEBI Listing Regulations, 2015.

d) **"Company"** means BEW Engineering Limited.

e) **"Key Managerial Personnel"** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

f) **"Material Related Party Transaction"** means a material transaction as defined in Regulation 23(1) of SEBI Listing Regulations, 2015 or any other law or regulation including any amendment or modification thereof, as may be applicable.

g) **"Subsequent Material Modification"** means any change in the material terms of the approved Related Party Transaction(s).

h) **"Related Party"** means a person or an entity

(i) which is a related party under Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of SEBI Listing Regulations, 2015.

(ii) which is a related party under applicable accounting standards.

Related party under Section 2(76) of the Companies Act, 2013 and Rules made thereunder are as follows:

(i) a director or his relative;
(ii) a key managerial personnel 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 nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity.

(viii) Any body corporate which is –

(a) a holding, subsidiary or an associate company of such company; or
(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.

(ix) such other person as may be prescribed by Central Government.

'Related Party' under Regulation 2(zb) of the SEBI Listing Regulations, 2015, means a related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
(b) any person or any entity, holding equity shares:
(i) of twenty per cent or more; or
(ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity 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.

i) **"Related Party Transaction"** as per Regulation 2(zc) of SEBI Listing Regulations, 2015 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 25[employees, directors, key managerial personnel and relatives of directors or key managerial personnel

As per Section 188 of the Act, the following are related party transactions:

(i) sale, purchase or supply of any goods or materials;
(ii) selling or otherwise disposing of, or buying, property of any kind;
(iii) leasing of property of any kind;
(iv) availing or rendering of any services;
(v) appointment of any agent for purchase or sale of goods, materials, services or property;
(vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
(vii) underwriting the subscription of any securities or derivatives thereof, of the company.

j) "**Relative**" with reference to any person as defined in Section 2(77) of the Act means any one who is related to another, if-

(i) they are members of Hindu Undivided Family;
(ii) they are husband and wife; or
(iii) one person is related to the other person as:

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)

k) **"Subsidiary"** means a company as defined in Section 2(87) of the Act, 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.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations, 2015, Securities Contracts (Regulation) Act or any other applicable law or regulation.

5. MATERIALITY THRESHOLDS.:

a) Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors. The policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

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 applicable threshold specified in Schedule XII of the SEBI Listing Regulations, 2015, as amended from time to time.

Consolidated Turnover of Listed Entity	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the Company
(II) More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the Company above Rs. 20,000 Crore
(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 Crore or Rs. 5,000 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

Applicability to SME Listed Entity:

With effect from April 1, 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, 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 Rupees fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

b) 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 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity for the purpose of Regulation 23(4) of SEBI Listing Regulations.

6. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS.:

a) Identification of related parties

BEW Engineering Limited has adopted a process for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(zb) of SEBI Listing Regulations, 2015.

b) Identification of related party transactions

BEW Engineering Limited has adopted a process for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(zc) of SEBI Listing Regulations, 2015. BEW Engineering Limited has also formulated certain criteria for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company shall seek external professional opinion, if necessary. While 'Ordinary Course of Business' (OCB) has not been defined in the Companies Act, 2013 and/or in SEBI Listing Regulations, 2015, OCB 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 if :

(i) the Objects clause of Memorandum of Association of the Company permits such activity; or
(ii) it is a historical practice and there is a pattern of frequency (and not an isolated transaction); or
(iii) it has a connection with the normal business carried on by the Company; or
(iv) the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence, is a 'business activity'; and
(v) it is a common commercial practice.

c) Arm's length price - Principle
A related party transaction should be priced at a level at which unrelated parties would undertake 'similar' transactions under 'similar' conditions.

d) Procedure for approval of related party transactions

- Approval of the Audit Committee
  All related party transactions and subsequent material modifications require prior approval of the Audit Committee of the listed entity. Only those members of the Audit Committee who are independent directors shall approve related party transactions. The Audit Committee shall define "material modifications" and disclose such definition as part of this Policy.

A related party transaction above Rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which a subsidiary of the 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 exceeds the lower of:

(i) ten per cent of the annual standalone turnover of the subsidiary as per its last audited financial statements; or

(ii) the threshold for material related party transactions of the listed entity as specified in Schedule XII.

Where such subsidiary does not have audited financial statements for a period of at least one year, prior approval shall be required if the value exceeds the lower of:

(i) ten per cent 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 the listed entity as specified in Schedule XII.

The remuneration and sitting fees paid by the listed entity or its subsidiary 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 in terms of the provisions of Regulation 23(1) of the SEBI Listing Regulations, 2015.

The members of the Audit Committee, who are independent directors, may ratify a related party transactions within three months from the date of the transaction or at the immediate next meeting of the audit committee, whichever is earlier, subject to Regulation 23(2)(f), including that the value of the ratified transaction(s) does not exceed Rupees one crore during a financial year, the transaction is not material, the rationale for inability to seek prior approval is placed before the Audit Committee, and the applicable disclosure and other regulatory conditions are complied with.

The Company may obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the listed entity or its subsidiaries, subject to the conditions prescribed under the Act and the SEBI Listing Regulations, namely-

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy and such approval shall be applicable in respect of repetitive transactions;

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

- The omnibus approval shall provide details of:
  (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.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, audit committee may grant omnibus approval provided the value does not exceed Rs.1 Crore per transaction;

- The 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;

- Such omnibus approval shall be valid for a period of one year or till the end of the financial year, whichever is earlier; and shall require fresh approval after the expiry of one year, i.e. for each financial year.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired/ transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;

- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;

- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;

- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;

- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:

    - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;

    - third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;

    - management assessment of pricing terms and business justification for the proposed transaction;

    - comparative analysis, if any, of other such transaction entered into by the company.

As per Section 177 of the Act, the requirement of seeking Audit Committee approval shall not be applicable to transactions, other than a transaction referred to in Section 188 of the Act, between the Company and its wholly-owned subsidiary/ies.

Further, as per Regulation 23(5) of the SEBI Listing Regulations, 2015 the requirement of seeking Audit Committee and shareholders' approval shall not be applicable to:

(a) transactions entered into between two public sector companies;

(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

(d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

(e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

- Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, would be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties would also be placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;

- Transactions which are viewed to be in the ordinary course of business and at arm's length basis by the management, but which are also tabled to the Board for its approval from an improved governance perspective; and

- Transactions beyond the materiality threshold limit laid down under Clause 5 of the policy, are intended to be placed before the shareholders for approval.

- Approval of the Shareholders of the Company

  - All material related party transactions and subsequent material modifications as defined by the audit committee shall be placed before the shareholders for prior approval by resolution, irrespective of whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length, subject to the exemptions prescribed under the SEBI Listing Regulations.

    No related party shall vote to approve the resolution relating to a material related party transaction or subsequent material modification, whether or not such related party is a party to the particular transaction, subject to the exemptions prescribed under the SEBI Listing Regulations.

  - In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the threshold limits laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, would be placed before the shareholders for their approval.

  - The requirements under Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations are independent and shall be complied with wherever applicable; compliance with one requirement shall not be treated as a substitute for compliance with the other.

7. DISCLOSURES.:

BEW Engineering Limited shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis if any; along with the justification for entering into such transaction. The Company shall also make the disclosures required under Regulation 23(9) of the SEBI Listing Regulations, 2015 including disclosure of related party transactions on a consolidated basis, in the format and within the timelines prescribed by SEBI from time to time. The Company shall disclose the Policy on dealing with Related Party Transactions on its website, pursuant to Regulation 46(2) of SEBI Listing Regulations, 2015.

For proposals requiring approval of the Audit Committee or shareholders, the Company shall provide the minimum information prescribed by SEBI from time to time, including the applicable Industry Standards and the circular dated October 13, 2025 on minimum information to be provided to the Audit Committee and shareholders for approval of Related Party Transactions.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY.:

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. EFFECTIVE DATE.:

This Policy is lastly amended as per the recommendations of the Audit Committee meeting held on Wednesday, August 26, 2026 and approved by the Board of Directors at its meeting held on Wednesday, August 26, 2026.

10. AMENDMENT.:

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of Board shall be final and binding. The Policy shall be reviewed by the Board at least once in every three years and updated accordingly. Any subsequent amendment/modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.