

BONFIGLIOLI TRANSMISSIONS LIMITED	Version No.	01
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Registered Office: Plot No. AC7-AC11, SIDCO Industrial Estate, Thirumudivakkam, Kancheepuram, Tamil Nadu, India, 600 132	Effective date	February 5, 2026
	Last Amendment on	-

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction

The Companies Act 2013 together with the rules notified thereunder and Sub-regulation (1) of Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (together referred to as “**the applicable laws**”), requires listed entity to 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 “**Board**”) at least once every three years and updated accordingly.

The board of Bonfiglioli Transmissions Limited (the “**Company**”), has adopted the following policy and procedures with regard to related party transactions as defined below. The Company’s audit committee may from time-to-time review and recommend amendments to this policy to the Board. The Board may amend this policy from time to time.

This policy is to regulate transactions between the Company and its related parties based on the applicable laws and regulations applicable on the Company.

2. Policy Objective

The objective of this policy is to ensure proper approval and reporting of transactions between the Company and its related parties.

3. Definitions

- 3.1. “**Audit Committee**” or “**Committee**” means the committee constituted by the Board of Directors of the Company, from time to time, under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and Section 177 of the Companies Act, 2013.
- 3.2. “**Act**” means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “**Act**”).
- 3.3. “**Accounting Standards**” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

3.4. “Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

3.5. “Policy” means Policy on Related Party Transactions.

3.6. “Board” means Board of Directors of the Company.

3.7. “Key Managerial Personnel” or “KMP” means:

- (i) The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
- (ii) The Company Secretary;
- (iii) The Whole-time director;
- (iv) The Chief Financial Officer (CFO);
- (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.

3.8. “Relative”, with reference to any person, means one who is related to another in any of the following manner —

- (i) if they are members of a Hindu Undivided Family
- (ii) if they are husband and wife
- (iii) Father (including step-father)
- (iv) Mother (including step-mother)
- (v) Son (including step-son)
- (vi) Son’s wife
- (vii) Daughter
- (viii) Daughter’s husband
- (ix) Brother (including step-brother)
- (x) Sister (including step-sister)

3.9. “Related Party” “related party” means a related party as defined under sub-section (76) of Section 2 of the Act 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 Act, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

3.10 **“Related Party Transaction”** 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:
- iii. 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 by the listed entity 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:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

3.10 **“SEBI Listing Regulations”** mean SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including any modifications, clarifications, circulars or re-enactment thereof.

3.11 **“Material Related Party Transaction”** means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

- 3.12.1. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- 3.12.2. In case of any other transaction(s), if the amount exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial

statements

- 3.12.3. In case of 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 whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary
- 3.12.4. with effect from April 1, 2023, a related party transaction 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 whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- 3.13 **“Unforeseen Related Party Transaction”** means a related party transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.
- 3.14 **“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.
- 3.15 **“Transactions in the ordinary course of business”** mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles:
- a) The transaction/activity is permitted under the memorandum and the articles of association of the Company;
 - b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practice and
 - c) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.
- 3.16 **“Material Modification”** to any Related Party Transaction shall mean any change (increase or decrease in the consideration for such transaction, taken individually or together with such Related Party in the financial year) in such transaction amounting to 20% or more of the budgeted figures of the Company for the particular Related Party Transaction.
- 3.17 **“Exempted Transaction”** transactions entered into between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company and such consolidated accounts are placed before the shareholders of the Company at the general meeting for approval.

4. Policy

4.1. Identification of Related Party Transactions:

The Company's company secretary, based on the declarations provided by its directors and key managerial personnel and also based on the corporate structure shall prepare a list of all persons who shall be considered as related parties with reference to the Company.

4.2. Identification of potential Related Party Transaction:

Each of the Company's director and key managerial personnel is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Upon receipt of such notice, the Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.3. Restrictions related to Related Party Transactions

All Related Party Transactions and subsequent Material Modifications shall require prior approval of Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to such transactions meeting certain conditions as specified under the Listing Regulations. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a.** The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b.** The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the company.
- c.** Such omnibus approval shall 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;

Provided that where the need for Related Party Transaction 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. 1,00,00,000 (Rupees One Crore Only) per transaction.

- d.** 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.

Further, all Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not

Nothing contained in this Paragraph 4.3 shall apply to transactions entered into between the Company and its wholly owned subsidiary(ies)/step down subsidiaries or two wholly-owned subsidiaries / step down subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; (ii) 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; (iii) Such other transactions as prescribed under applicable law, as amended from time to time (such transactions are hereinafter referred to as “**Exempted Transactions**”). Further, pursuant to Regulation 23(2)(e) of the SEBI Listing Regulations, remuneration and sitting fees paid by the Company 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 a Material Related Party Transaction.

The provisions contained in this Paragraph 4.3 shall be applicable to all prospective transactions.

For the purpose of this Paragraph 4.3, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

The Company shall submit on the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

4.4. Review and Approval of Related Party Transactions by Audit Committee

All Related Party Transactions, including Material Related Party Transaction but excluding Exempted Transactions, will be put to the Audit Committee for its review and prior approval in a meeting or by way of circular resolution. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits/ loss to the Company, and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Committee may consider all such factors/ or may call such information/ or seek external advice/ opinion as it may consider appropriate in its sole judgment.

If the Committee determines that a Related Party Transaction should be brought before

the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary.

5. General

- 5.1. The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy at least once in three years for making suitable amendments for better implementation of the Policy.
- 5.2. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 5.3. The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

6. Post Facto Consideration of Related Party Transactions

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy, the matter shall be reviewed by the Committee. The Committee shall consider all of the 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. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

7. Amendment and Updatons

This policy will be reviewed periodically by the Board/ Committee as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors in cases of material changes to the Policy.

8. Interpretation

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent amendment/modification in SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

9. Disclosures

This Policy will be disclosed on the Company's website www.bonfiglioli.in and a web link thereto would be disclosed in the annual report of the Company.
