

BOROSIL LIMITED

RELATED PARTY TRANSACTIONS POLICY

Scope and Purpose of the policy

Related party transactions 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 Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”), Borosil Limited (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 the SEBI Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the 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. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

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 the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

Definitions

“**Act**” means the Companies Act, 2013.

“**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.

“**Company**” means Borosil Limited.

“**Key Managerial Personnel**” or “**KMP**” shall have the meaning as defined in the Act.

“**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 and Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines

“Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder

“Regulation 23” means the Regulation 23 of SEBI Listing Regulations,

“Related Party”

- i. for the purpose of the Act shall have the meaning as defined in Section 2(76) of the Act; and
- ii. for the purpose of SEBI Listing Regulations, shall have meaning as defined in Regulation 2(1)(zb) of the SEBI Listing Regulations.

"Related Party Transaction"

- i. for the purpose of the Act, means any transaction with a Related Party as defined in Section 2(76) of the Act; and
- ii. for the purpose of SEBI Listing Regulations means any transaction as defined under Regulation 2(1)(zc) of SEBI Listing Regulations, i.e., any transaction involving a transfer of resources, services or obligations between:
 - (a) Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
 - (b) Company 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 Company or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a transaction shall be construed to include single transaction or a group of transactions in a contract.

However, the following shall not be a Related Party Transaction:

- i. 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;
- ii. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (a) payment of dividend;
 - (b) subdivision or consolidation of securities;
 - (c) issuance of securities by way of a rights issue or a bonus issue; and
 - (d) buy-back of securities.

“SEBI Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

Materiality Thresholds

A. For the purpose of SEBI Listing Regulations

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

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 one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower .

Further, 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 financial year exceeds five per cent of the annual consolidated turnover of the Company as per last audited financial statement of the Company.

Material Modifications

‘Material Modifications’ in relation to a Related Party Transaction means such modification(s)/ amendment(s) in the terms and conditions of Related Party Transaction(s), which (i) constitutes an alteration in the value of the Related Party Transaction exceeding 5% of transaction value or Rs. 10 lakhs, whichever is higher or (ii) is otherwise considered material by the Managing Director of the Company, in each case, based on the nature of the relevant Related Party Transaction.

B. For the purpose of the Act

A Related Party Transaction shall be considered material if:

- i. the transaction is not in the ordinary course of business or not at arm’s length basis; and
- ii. the transaction is falling in one of the categories specified in clause (a) to (g) of sub-section 1 of Section 188 of the Act (refer Annexure I); and
- iii. the transaction exceeds the threshold limits mentioned in Section 188(1) of the Act read with The Companies (Meeting of Board and its Powers) Rules, 2014 (refer Annexure I)

Manner of dealing with RPT

Identification of Related Parties

The Company shall prepare and update from time to time, the list of Related Parties as per the Act and the SEBI Listing Regulations.

Identification of Related Party Transactions

The Company will identify Related Party Transactions in accordance with the Act and the SEBI Listing Regulations. The Company has also formulated 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 will seek external expert opinion, if necessary.

Criteria for determination of ordinary course of business and at arm's length or not

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:

- i Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, and assets to be employed under the proposed transaction;
- ii Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
- iii Key covenants (non-commercial) as per the draft of the proposed agreement / contract to be entered into for such transaction;
- iv Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- v 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

Procedure for approval of RPT

Approval of the Audit Committee

All Related Party Transactions and subsequent Material Modifications thereof shall require prior approval of the Audit Committee.

Provided that: (a) a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company 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 consolidated turnover, as per the last audited financial statements of the Company (applicable for 01.04.2022 to 31.03.2023); (b) with effect from April 1, 2023, a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company 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;

Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions (for which its approval is required) on an annual basis.

The Company may obtain omnibus approval from the Audit Committee for Related Party Transactions subject to compliances with the following conditions:

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such criteria shall include the following namely:

- i) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
- ii) The maximum value per transaction which can be allowed;
- iii) extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
- iv) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
- v) transactions which cannot be subject to the omnibus approval by the Audit Committee

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- i) repetitiveness of the transactions (in past or in future);
- ii) justification for the need of omnibus approval

The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature 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 aggregated value of the particular type of transaction that can be entered into,
- ii. basis of arriving at 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 Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not /exceeding rupees 1 crore per transaction.

The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions transacted into by the company pursuant to the omnibus approval given

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh

approval after expiry of such financial year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

Any other conditions as the Audit Committee may deem fit.

In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

- a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 30% of the annual turnover of the Company as per last its audited financial statements.
- b. The maximum value per transaction which can be approved under omnibus route will not exceed the materiality thresholds as defined in the Policy.
- c. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered by the company pursuant to each omnibus approval given
- d. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 1. Transactions which are not at arm's length or not in the ordinary course of business
 2. Transactions which are not repetitive in nature
 3. Transactions exceeding materiality thresholds as laid down in the Policy
 4. Transactions in respect of selling or disposing of the undertaking of the company
 5. Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
6. Any other transaction the Audit Committee may deem not fit for omnibus approval

Approval of the Board of Directors of the Company

Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:

1. A Related Party Transaction (under the Act) which is (i) not in the ordinary course of business or not at arm's length basis; and (ii) is falling in one of the categories specified in clause (a) to (g) of sub-section 1 of Section 188 of the Act (refer Annexure I); or
2. A Material Related Party Transaction (under SEBI Listing Regulations) / A Material Modification to a Material Related Party Transaction (under SEBI Listing Regulations); or
3. A Related Party Transaction which the Audit Committee may refer to the Board for approval.

Approval of the Shareholders of the Company

Following Related Party Transactions shall require prior approval of the shareholders:

1. A Material Related Party Transaction (under the Act) (refer Annexure I); or
Provided that no member of the Company shall vote on the resolution, to approve the transaction, if such

member is a Related Party

2. A Material Related Party Transaction (under SEBI Listing Regulations) / A Material Modification to a Material Related Party Transaction (under SEBI Listing Regulations)
Provided that no Related Party shall vote to approve the resolution whether the entity is a Related Party to the particular transaction or not.

Non- applicability of the provisions of Related Party Transactions:

The Provisions of the Act and SEBI Listing Regulations shall not be applicable as given hereunder:

Audit Committee approval not required for:

1. Related Party Transaction (under the Act) between the Company and its wholly owned subsidiary company, other than transaction referred to in section 188(1) of the Act; or
2. Related Party Transaction (under SEBI Listing Regulations):
 - i. entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or
 - ii. entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Board of Directors approval not required for:

Related Party Transaction (under the Act) which is in the ordinary course of business and at arm's length basis

Shareholders' approval not required for:

1. Related Party Transaction (under the Act) which is in the ordinary course of business and at arm's length basis; or
2. Related Party Transaction (under the Act and SEBI Listing Regulations) entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or
3. Related Party Transaction (under SEBI Listing Regulations) entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

DISCLOSURES

For the purpose of the Act

The Company 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 not at arm's length basis along with the justification for entering into such transaction.

For the purpose of SEBI Listing Regulations

The Company shall also submit disclosures, every six months, of Related party Transactions, in the format specified by SEBI and publish the same on its website (i) Up to March 31, 2023 within 15 days from the date of publication of

standalone and consolidated financial results for the half year; and (ii) With effect from April 01, 2023, along with the date of publication of its standalone and consolidated financial results for the half year..

RPT 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 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. 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 by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, 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. However, for the purposes of the Act:

- i. in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it: and
- ii. where any contract or arrangement referred to in Section 188(1) of the Act is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of the Section 188 of Companies Act, 2013 and if it is not ratified by the Board or as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Transactions approved by other Committees / Board

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant competent authority or Committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:

- i. Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval
- ii. Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval.
- ii. Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders' approval including ESOPs.

- v. Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.
Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

Review of the policy

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

Amendment

Any subsequent amendment / modification in the SEBI Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy. However, the policy has to be reviewed at least once in every three years.

This policy (Ver.1) was initially approved by the Board of Directors at its meeting held on February 3, 2020 and subsequently amended on May 09, 2022 (Ver 2).

Annexure 1 - Material Related Party Transactions under the Companies Act, 2013

S. No.	Prescribed Transaction Category	Companies Act, 2013
1	Sale, purchase or supply of any goods or materials directly or through agents	Transactions exceeding 10% or more of Company's turnover
2	Selling or otherwise disposing off, or buying, property of any kind directly or through agents	Transactions exceeding 10% or more of Company's Net Worth
3	Leasing of property of any kind	Transactions exceeding 10% or more of Company's turnover
4	Availing of or rendering any services directly or by appointing agents	Transactions exceeding 10% or more of Company's turnover
5	Related party's appointment to any office or place of profit in the Company or its subsidiary company or associate company	Monthly remuneration exceeding Rs.2.50 Lacs
6	Underwriting the subscription of any securities or derivatives thereof of the Company	Transactions exceeding 1% of Company's net worth
7	Any other related party transaction	N.A.
The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding financial year.		
Limits given above apply to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.		