

## **BOROSIL GLASS WORKS LIMITED**

### **RELATED PARTY TRANSACTIONS POLICY**

**Policy adopted on August 13, 2014**

**Revised on November 03, 2014**

**Revised on May 13, 2019**

#### **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 Glass Works 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

“**Regulation 23**” means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

“**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.

“**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.

**“Company”** means Borosil Glass Works Limited

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

**“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

**"Related Party Transaction"** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following –

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the company

**“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined in the Companies Act 2013

*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**

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) exceeds the threshold limits mentioned in **Annexure – I**.

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 two percent of the annual turnover of the Company as per last audited financial statement of the Company.

## **Manner of dealing with RPT**

### ***Identification of Related Parties***

The Company has formulated guidelines 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(1)(zb) of the SEBI Listing Regulations.

### ***Identification of Related Party Transactions***

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines 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.

### **Non- applicability of the provisions of related party transactions:-**

- The provisions of Related Party Transactions shall not be applicable to the transactions which are in the ordinary course of business and which are carried on at arms' length basis.
- The transactions between the Company and its wholly owned subsidiary company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for their approval.

## **Procedure for approval of RPT**

### ***Approval of the Audit Committee***

- A.** All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
- a. 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 approval which 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
- b. 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
- c. 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;
- d. 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.

- e. 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;
  - f. 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.
  - g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
  - h. Any other conditions as the Audit Committee may deem fit.
- B.** 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 be the same as per the materiality threshold as defined in Annexure I of the Policy.

- c. 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, risks to be assumed 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:
    1. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
    2. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
    3. management assessment of pricing terms and business justification for the proposed transaction;
    4. comparative analysis, if any, of other such transaction entered into by the company.
- d. 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
- e. 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 Annexure I of 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***

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 or not at arm's length basis, are placed before the Board for its approval.

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

- a) 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. exceeding value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) 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;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval
- d) Transactions meeting the materiality thresholds laid down in Annexure I of the Policy, which are intended to be placed before the shareholders for approval

### ***Approval of the Shareholders of the Company***

All the transactions with related parties exceeding the materiality thresholds, laid down in Annexure I of the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which

- (a) are not at Arm's Length or not in the ordinary course of business; and
- (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

### **DISCLOSURES**

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.

In addition to the above, the Company shall also submit within 30 days from 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.

### **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, where any contract or arrangement 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.

### **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.

<b>Annexure 1 - Material related party transaction</b>			
<b>Sl.No.</b>	<b>Prescribed Transaction Category</b>	<b>Companies Act 2013</b>	<b>Regulation 23 of SEBI (LODR)</b>
		<b>(Lower of the two thresholds)</b>	
1	Sale, purchase or supply of any goods or materials directly or through agents	Transactions exceeding 10% of company's annual turnover* or Rs.100 crore, whichever is lower	Exceeding 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company **
2	Selling or otherwise disposing off, or buying, property of any kind directly or through agents	Transactions exceeding 10% of company's net worth* or Rs.100 crore, whichever is lower	
3	Leasing of property of any kind	Transactions exceeding 10% of company's net worth* or Rs.100 crore, whichever is lower	
4	Availing of or rendering any services directly or by appointing agents	Transactions exceeding 10% of company's turnover* or Rs.50 crore, whichever is lower	
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.			
** Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.			