

BOROSIL GLASS WORKS LIMITED

RELATED PARTY TRANSACTIONS POLICY (Effective November 03, 2014)

The Board of Directors (the "Board") of Borosil Glass Works Limited (the "Company" or "Borosil"), had at its meeting held on August 13, 2014 adopted the Related Party Transactions Policy regarding materiality of related party transaction and also on dealing with Related Party Transactions in terms of Clause 49(VII)(C) of the Listing Agreement and Section 188 of Companies Act, 2013 and Rules made thereunder. Subsequently, Board of Directors of the Company at its meeting held on November 03, 2014, has amended the said policy in line with amendments made in Clause 49 of the Listing Agreement and Rule 15(3) of the Companies (Meeting of Board and its Powers) Second Amendment Rules, 2014. The Board will review and may amend this policy from time to time.

No Related Party Transaction may be entered into by the Company or its Key Managerial Personnel except in accordance with the provisions of this Policy.

Purpose

This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of "Related Party" as defined below which includes its Directors, Key Managerial Personnel and their relatives or certain entities or persons related to them. This includes disclosure to be made each year in Director's Report about particulars of contracts or arrangements with related parties referred to in sub- Section (1) of Section 188 of Companies Act, 2013 in the prescribed form. In addition, the Audit Committee and the Board have to review any Related Party Transactions involving Independent Directors as part of the annual determination of their independence as provided under Section 149 of Companies Act, 2013.

Definitions

Related party as per Companies Act, 2013 and Rules made thereunder

"**Related party**", under Section 2(76) of Companies Act, 2013 with reference to a company, means -

- (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 is a member or director;
- (v) a public company in which a director or manager is a director or 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) 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;

Further as per the Companies (Specification of definition details) Rules, 2014, a Director or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

Related party as per Clause 49 of the Listing Agreement

Under Clause 49 of the Listing Agreement, an entity shall be considered as related to the company if:

- (i) Such entity is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable accounting standards.

“related party transaction” under Clause 49 of Listing Agreement means 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 construed to include single transaction or a group of transactions in a contract.

“Company Secretary” means Borosil’s Company Secretary, who also acts as Secretary of the Audit Committee.

“Relative” as per Section 2(77) of Companies Act, 2013 means, with reference to any person, means anyone who is related to another, if

- They are members of a Hindu Undivided Family
- They are husband and wife

Further as per Rule 4 of Companies (Specification of definition details) Rules, 2014, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father:
Provided that the term “Father” includes step-father
- (2) Mother
Provided that the term “Mother” includes the step-mother
- (3) Son
Provided that the term “Son” includes the step-son
- (4) Son’s wife
- (5) Daughter
- (6) Daughter’s husband
- (7) Brother

Provided that the term "Brother" includes the step-brother;

- (8) Sister
Provided that the term "Sister" includes the step-sister.

"Committee" shall mean the Audit Committee

Policy

The Policy is intended to:

1. Identify all transactions which fall within the ambit of related party transactions both as per the provisions of Listing Agreement, the Companies Act, 2013 and Rules made thereunder.
2. To prepare a complete list of related party transactions in the prescribed format.
3. To seek necessary approvals of the Audit Committee/Board/shareholders as may be necessary, after providing necessary information in the prescribed manner.

While according such approval (s), the Related Party transactions are to be considered as appropriate if they are in the interest of the Company and other stockholders.

4. To make necessary disclosure in the Directors Report as well as on the website of the Company.

Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him or her or his relative, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with other members of management, as she/he deems appropriate, and as per existent laws, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee for its prior approval in terms of amended Clause 49 of the Listing Agreement. Ratification of a Related Party Transaction after 1st October, 2014 is not permitted. Any subsequent modification of transactions of the company with related parties will also require approval of Audit Committee.

Materiality of related party transaction

As per clause 49 of the Listing Agreement, a transaction shall be considered **material** if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

All Related Party Transactions will require prior approval of the Audit Committee. All such transactions require prior approval of the shareholders by way of special resolution and the related party shall abstain from voting on such resolutions. 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 the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself 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 crore per transaction.

- d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"

Whereas Rules made under Section 188 of Companies Act, 2013 envisages all related party transaction by a company in excess of threshold limit mentioned below, as **Specified transactions** requiring prior approval of the shareholders by way of special resolution.

Nature of Transaction	Threshold limit
Contracts or arrangements with regard to sale, purchase or supply of any goods or materials, directly or through appointment of agent.	exceeding 10% of the turnover or Rs.100 Cr, whichever is lower.
Arrangements with regard to appointment of agents for sale, purchase of any goods, materials, services or property	exceeding 10% of net worth or Rs.100 Cr, whichever is lower
Contracts or arrangements with regard to leasing of property of any kind	exceeding 10% of the turnover or Rs.100 Cr, whichever is lower.
Contracts or arrangements with regard to availing or rendering of any services directly or through appointment of agents	exceeding 10% of the turnover or Rs.50 Cr, whichever is lower.
Appointment to any office or place of profit in the company, its subsidiary company or associate company	at a monthly remuneration exceeding Rs 2,50,000 (Rupees Two lacs fifty thousand)
Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	exceeding 1 % of the net worth

Note: Turnover or Net Worth referred above shall be on the basis of the audited financial statement of the preceding financial year.

Review and approval process

Approval of the Audit Committee:

All Related Party Transactions must be reported to the Company Secretary /Secretary of the Audit Committee, who in turn ,has to refer this to the said committee for its approval or ratification in accordance with provisions of the Companies Act and Rules made thereunder, Clause 49 of the Listing Agreement and this Policy.

Approval of the Board:

Prior consent of the Board by way of a Resolution is required for all Specified Related Party Transactions.

No director who is interested in any such contract or arrangement shall be present at the meeting during discussions on the subject matter of the resolution proposed for Board Approval.

Approval by the shareholders:

All material Related Party Transactions and transactions mention in Sub - Section 1 of Section 188 of Companies Act, 2013 will require approval of the shareholders through special resolution and the related parties will have to abstain from voting on such resolutions.

No member who is a related party shall vote on special resolutions stated above.

Any Specified Transactions which are in the ordinary course of business of a company **and** on arm's length basis do not require any Board Approval or Shareholder's Approval.

Specified Transactions which are (1) in the ordinary course of business of a company but are not on arm's length basis; or (2) not in the ordinary course of business of a company (irrespective of whether on arm's length basis or not) require Board Approval as well as Shareholder's Approval.

Factors to be considered while dealing with Related Party Transactions

In determining whether to approve or ratify a Related Party Transaction, the Committee or the Board will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

1. Whether the transaction with the Related Person is proposed to be entered into (or was entered into) on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
2. The purpose of, and the potential benefits to the Company of, the transaction.
3. Whether the Related Party Transaction would impair the independence of an otherwise independent director;
4. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the direct or indirect nature of the director's or KMPs or their relatives's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

In any case where the Committee determines not to approve a Related Party Transaction, which comes for its approval, the Committee may direct modification of the transaction in a way to make it acceptable for approval. Further, the Committee will have authority to modify or waive any procedural requirements of this Policy.

Disclosures

If a company enters into any Specified Transactions then such contracts or arrangements shall be referred to in the Board's report to the shareholders along with a justification for entering into such contract or arrangement

The agenda of the Board meeting at which such resolution is proposed shall contain relevant disclosures as required under the Companies Act and Listing Agreement. Further, the Statement to be annexed to the notice of a general meeting convened pursuant to section 101 of 2013 Act should contain the relevant particulars as may be required.

Details of all material transactions with related parties will be disclosed quarterly to the Stock Exchange along with the compliance report on corporate governance. The Company will disclose this policy on its website and also in its Annual Report.