2 February 2026

To,

The Audit Committee / Board of Directors

Borosil Limited

Borosil Scientific Limited

Sub: Arm's Length Evaluation of Proposed Related Party Transactions

---

Borosil Limited and **Borosil Scientific Limited** (herein after referred to as '**BL**' and '**BSL**') have appointed **C B V & Associates LLP (CBV)** with an objective to determine the arm's length price for the key intercompany transactions proposed to be undertaken between BL and BSL, thereby complying with the applicable provisions of the Companies Act, 2013 (Section 177 r.w.s. 188) read with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and the related party transactions policy of BL and BSL.

This exercise is based upon information provided by the personnel of BL and BSL. The management / representatives of BL and BSL have provided the list of transactions proposed to be undertaken between them (**Annexure A)**. While conducting the study of the arm's length price of transactions, CBV has reviewed the information for reasonableness and consistency. We have relied on the information provided and not verified the accuracy of the related parties and details of the transaction provided. Our comments set forth in this report are only related to the arm's length price of the proposed transactions provided to us and not regarding verification of parties and details of transactions. We disclaim any liability and do not issue any warranty for the analysis based on incorrect or inaccurate information provided to us and pricing of the RPT.

On review of details and documents provided by the personnel of BL and BSL, we have evaluated the proposed transactions under the arm's length principle; and provided our comments on the arm's length price for the proposed transactions in Annexure A.

CBV & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

The comments set forth in this note / report are based on the laws and regulations prevailing as on the date of this report. If there is a change, in the laws and regulations including a change having a retrospective effect, the comments expressed in this report may have to be re-examined in light of the same and we are under no obligation to re-examine the same. This report will have to be updated and result of the study will have to be re-evaluated, in the event of any changes in company / tax laws or regulations, or market / economic conditions in India, or in the business practices of BL and BSL, occurring subsequent to the date of this Report.

CBV & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

For C B V & Associates LLP
Chartered Accountants

Amol Haryan

Partner

(Encl. as above)

Annexure A

Arm's Length Evaluation of Proposed Related Party Transactions

1. Corporate Profile

a) **Borosil Scientific Limited (BSL)** is an India-based publicly listed company engaged in manufacturing scientific products, including laboratory consumables, laboratory equipment, pharma primary packaging, and process systems. It uses advanced technologies and expertise to serve the scientific and research community. Its shares are listed on the BSE and NSE, and its registered office is located in Mumbai.

b) **Borosil Limited (BL)** is an India-based publicly listed company engaged in manufacturing and marketing consumer products. Its product portfolio includes microwavable and flameproof kitchenware, glassware, bottles, tableware, dinnerware, appliances, storage products, and steel serveware. Its shares are listed on the BSE and NSE, and its registered office is located in Mumbai.

2. Overview of applicable regulations with respect to Related Party Transactions

- The Companies Act, 2013 has significantly expanded the scope and compliance requirements relating to RPTs compared to the Companies Act, 1956. The key changes include greater transparency, enhanced accountability of the Board of Directors, Key Management Personnel (KMP), and shareholders, and a stronger focus on ensuring transactions are conducted at Arm's Length Price (ALP).
- Section 177 of the Companies Act, 2013 mandates specified companies, including listed public companies, to constitute an Audit Committee responsible for, inter alia, oversight and approval of related party transactions.
- Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 lays down the framework governing RPTs undertaken by listed entities, including requirements relating to approval, materiality, shareholder oversight and disclosures.
- Section 188 of the Companies Act, 2013 governs RPTs.
- Companies must obtain prior Board approval under Section 188 of the Companies Act, 2013 for specified RPTs, if RPTs entered into by the company are either not in its ordinary course of business or are not on an arm's length basis:
  - Sale, purchase, or supply of goods/materials;
  - Sale, purchase, or disposal of property;
  - Leasing of property;

- Rendering or availing of services;
- Appointment of agents;
- Appointment of related parties to offices of profit; and
- Underwriting of securities or derivatives.

Transactions exceeding prescribed limits require prior shareholder approval, if RPTs entered into by the company are either not in its ordinary course of business or are not on an arm's length basis.

In consideration of the aforesaid regulations governing RPTs, the arm's length for the proposed key related party transactions is evaluated in the subsequent sections.

3. Transaction covered in our analysis

Name of the Company	Name of RP	Nature of Transaction
BSL	BL	Availing of functional support/ shared services
BSL	BL	Purchase and sale of raw material, packing material, stores, spares and other similar materials / products / items

We have been given to understand that BSL and BL propose to undertake the above-mentioned transactions which require evaluation with reference to the ALP which would have arisen in uncontrolled circumstances. Our findings are summarized below:

CBV & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

A. Availing of functional support/ shared service

I. Methods considered for evaluation

The selection of the Most Appropriate Method (MAM) for determining the ALP has been evaluated as follows:

a) **Comparable Uncontrolled Price (CUP) Method -** The CUP Method is not considered appropriate as neither of the parties has undertaken comparable uncontrolled transactions with third parties. Further, reliable external data relating to similar services exchanged between independent enterprises is not available. Accordingly, in the absence of both internal and external comparables, the CUP Method is not considered the MAM.

b) **Resale Price Method (RPM) -** The RPM is not applicable since the subject transaction does not involve the purchase and subsequent resale of goods. Accordingly, this method is not considered appropriate for benchmarking the transaction.

c) **Cost Plus Method (CPM) -** The CPM is not considered appropriate as it requires reliable and comparable gross profit mark-ups, which are not readily available in the public domain. Additionally, differences in accounting policies and cost classifications across comparable companies reduce the reliability of gross margin comparisons.

d) **Profit Split Method (PSM) -** The PSM is not suitable as the transaction does not involve unique intangibles, highly integrated operations, or complex intercompany arrangements requiring the allocation of combined profits between the related parties.

e) **Transactional Net Margin Method (TNMM) -** The TNMM has been selected as the Most Appropriate Method as it compares the net profit margin earned by the tested party with that of comparable independent enterprises performing similar functions. Given the absence of reliable comparable data required for the application of traditional transaction-based methods, TNMM provides the most reliable and practical basis for determining the arm's length nature of the transaction.

f) **Other Method -** Since the TNMM has been identified as the MAM for benchmarking the transaction, the Other Method has not been considered.

<u>Conclusion:</u> Based on the functional profile of the companies and the limitations of the other methods, TNMM is adopted as the MAM for benchmarking the related-party transaction.

II. Summary of the benchmarking analysis

In the present case, based on the functional analysis and data availability, BL has been selected as the tested party, as it does not own significant intangibles and its profitability can be reliably determined.

For benchmarking the proposed transaction, Operating Profit to Operating Cost (OP/OC) has been selected as the Profit Level Indicator (PLI) since BL provides routine functional support services, where operating costs are the primary value driver and reliable data relating to the operating costs and profitability of comparable independent service providers is available in the public domain.

CBA ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

A benchmarking search (covering the data available for the latest three financial years i.e. FY 2022-23 to 2024-25) was conducted using the Prowess IQ database, to identify independent comparable companies performing similar functions. Based on the benchmarking analysis, an arm's length weighted average OP/OC margin ranging from **7.08%**

to 12.58% has been determined. Accordingly, the transaction value rendering OP/OC between the range of 7.08% to 12.58% shall be considered to be at arm's length.

B. Purchase and sale of raw material, packing material, stores, spares and other similar materials / products / items

I. Methods considered for evaluation

The selection of the MAM for determining the ALP has been evaluated as follows:

1. **CUP -** The CUP Method is not considered appropriate as neither of the parties has undertaken comparable uncontrolled transactions with third parties. Further, reliable external data relating to similar products exchanged between independent enterprises is not available. Accordingly, in the absence of both internal and external comparables, the CUP Method is not considered the MAM.
2. **RPM -** The RPM is not applicable since the subject transaction does not involve the purchase and subsequent resale of goods. Accordingly, this method is not considered appropriate for benchmarking the transaction.
3. **CPM -** The CPM is not considered appropriate as it requires reliable and comparable gross profit mark-ups, which are not readily available in the public domain. Additionally, differences in accounting policies and cost classifications across comparable companies reduce the reliability of gross margin comparisons.
4. **PSM -** The PSM is not suitable as the transaction does not involve unique intangibles, highly integrated operations, or complex intercompany arrangements requiring the allocation of combined profits between the associated enterprises.
5. **TNMM –** The TNMM is generally regarded as a residual method and is typically applied where all the above methods cannot be reliably used due to the absence of dependable comparable data. Since in the given case, other method has been considered as MAM TNMM has not been adopted.
6. **Other Method -** Since the none of the above methods has been identified as the MAM for benchmarking the transaction, the Other Method has been considered.

Conclusion: Based on the functional profile of the companies and the limitations of the other methods, Other Method is adopted as the MAM for benchmarking the related-party transaction.

CBV ASSOCIATES LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

II. Summary of the benchmarking analysis

For the purpose of procuring the required materials or products, instead of engaging third-party suppliers, the group entities draw upon each other's idle inventory. The procuring entity obtains quotations from third-party manufacturers/suppliers, and the purchase price is determined within the range of such quotations. Where either entity has purchased or sold the same goods in the same quantity to or from third parties during the same period, such third-party price is used as a reference for the related-party transaction.

Thus, the transfer of goods by the supplier entity to the procuring entity based on internal comparables (i.e., third-party quotations), can be considered to be compliant with the arm's length principle.

CBV & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS