8 May 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.

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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;

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- 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 key related party transactions is evaluated in the subsequent sections.

3. Transaction covered in our analysis

Name of Related Parties	Nature of Transaction
BSL and BL	Sale of glassware products by BSL to BL

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

4. Methods considered for evaluation

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

i. **Comparable Uncontrolled Price (CUP) Method:** The CUP Method compares the price charged in a controlled transaction with the price charged in a comparable uncontrolled transaction under similar circumstances. While it is the most direct and preferred method, its application requires a high degree of comparability between the controlled and uncontrolled transactions. In the present case, BSL would not sell similar kitchenware or glassware products to independent parties, nor would it procure comparable products from unrelated suppliers. In the absence of reliable internal or external comparable transactions, the CUP Method cannot be reliably applied and is therefore not considered the MAM.

ii. **Resale Price Method (RPM):** The RPM is generally applicable where goods purchased from a related party are resold to independent customers without significant value addition. Since the transaction relates to the manufacture and sale of products by BSL rather than

CBV & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * MUMBAI a routine distribution function, RPM is not considered appropriate for benchmarking the transaction.

iii. **Cost Plus Method (CPM):** The CPM determines the arm's length price by adding an appropriate gross profit mark-up to the supplier's costs. However, the reliable determination of comparable gross profit mark-ups is constrained by differences in accounting policies and reporting practices among comparable companies. Accordingly, CPM is not considered the MAM in the present case.

iv. **Profit Split Method (PSM):** The PSM is generally applied where transactions involve unique intangibles or highly integrated operations that cannot be evaluated separately. As the transaction does not involve the transfer of unique intangibles and BSL independently earns the profits arising from its manufacturing activities, the PSM is not considered suitable.

v. **Transactional Net Margin Method (TNMM):** The TNMM evaluates the net profit margin earned from a controlled transaction by comparing it with the net margins earned by comparable independent enterprises performing similar functions. As reliable price-based or gross margin comparables are not available in the present case, TNMM provides the most reliable basis for benchmarking the transaction. Accordingly, TNMM is considered the MAM for determining the arm's length nature of the sale of glassware by BSL to BL.

vi. **Other Methods:** The Other Method is a residual method that may be adopted only where none of the prescribed methods can be reliably applied. Since TNMM has been identified as the MAM for the transaction, application of the Other Method is neither necessary nor warranted.

Conclusion:

Based on the above evaluation, TNMM is considered as the MAM for benchmarking the sale of glassware products by BSL to BL.

5. Summary of the benchmarking analysis

Under TNMM, comparability is assessed primarily on the basis of the functional profile of the tested party rather than exact product similarity, as the method evaluates net profit margins instead of transaction prices or gross margins. Accordingly, BSL has been selected as the tested party and benchmarked against independent companies performing similar manufacturing functions. A comprehensive search was undertaken using publicly available information (covering the data available for the latest three financial years i.e. FY 2022-23 to 2024-25) to identify suitable comparable companies.

The benchmarking exercise identified contract manufacturers through search in public domain based on relevant qualitative criteria and quantitative filters. The profitability of these comparable companies was evaluated using Operating Profit to Operating Cost (OP/OC) as the Profit Level Indicator (PLI).

Arm's length results

The arm's length range of weighted average OP/OC margin of comparable companies is determined from 4.23% to 5.63%.

To further enhance comparability, a working capital adjustment (WCA) was undertaken in accordance with the OECD Transfer Pricing Guidelines to account for differences in receivables, payables, and inventory levels between BSL and the comparable companies. After incorporating the working capital adjustment, the arm's length weighted average OP/OC margin of comparable companies is determined from 4.53% to 6.91%.

Based on the above analysis, the arm's length price/ range has been evaluated using OP/OC as the PLI for functionally comparable contract manufacturers.

Additionally, considering the fact that BSL carves out a certain share of its capital employed for the contract manufacturing, Return on Capital Employed (ROCE) of BSL was also evaluated, as it can provide a reliable indicator of operating efficiency and value creation by evaluating returns relative to the funds invested in the business.

Based on the ROCE earned as per general industry trend, it can be inferred that the return earned by BSL on the capital employed on its contract manufacturing activity is commensurate with arm's length trend.

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