

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

[Recommended by the Audit Committee at its meeting held on May 07, 2025 & adopted and approved at the meeting of the Board of Directors held on May 07, 2025]

In terms of regulation 23 of the SEBI LODR regulations 2015 as amended from time to time.

(1) PREAMBLE:

The Board of Directors (the “Board”) of Sejal Glass Limited (the “Company”), has adopted the following policy and procedures with regard to Materiality of Related Party Transactions as defined elsewhere in this policy document.

This policy is to regulate transactions between the Company, or its subsidiaries and its Related Parties based on the laws and regulations applicable to the Company.

The Audit Committee will review and may amend this policy, from time to time, subject to the approval of the Board of Directors.

(2) PURPOSE:

This policy is framed in accordance with the Companies Act, 2013 and the Rules made thereunder and also as per the requirements of Regulation 23 of SEBI (LODR) Regulations, 2015 and intended to ensure a process for approval and reporting of transactions between the Company or its subsidiaries and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions with Related Parties as well as policies concerning transactions with Related Parties and also make periodical disclosures to the regulatory authorities in accordance with the regulations in force from time to time.

(3) DEFINITIONS:

“**Arm’s Length Transaction**” means a transaction between two related parties that is conducted as if they were unrelated.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

“**Board**” means Board of Directors of Sejal Glass Limited.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Companies Act, 2013.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013 which shall consist of:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) Company Secretary;
- (iii) Whole Time Director
- (iv) Chief Financial Officer
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.

“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 & Articles of Association.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in Regulation 2(zb) of SEBI (LODR) Regulations, 2015 which is as follows:

Related Party means a Related Party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable Accounting Standards:

Section 2(76) defines the Related Party as-

Related Party with reference to a company means-

- (i) a director or his relative;
 - (ii) 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 or his relative is a member or director;
 - (v) a public Company in which a director or manager 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 Holding, Subsidiary or an Associate Company of such Company; or
 - a Subsidiary of a Holding Company to which it is also a Subsidiary;
 - an Investing Company or the Venturer of the Company.

Explanation: For the purpose of this clause, “the Investing Company or the Venturer of a Company” means a body corporate whose investment in the Company would result in the Company becoming an associate Company of the body corporate.

- (ix) such other person as may be prescribed.

Provided that-

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - of twenty percent or more; or
 - of ten percent or more, with effect from 1st April, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between;

- I. the Company or any of its subsidiaries on one hand, and a related party of Company or any of its subsidiaries on the other hand or,
- II. the 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 regardless of whether a price is charged and more specifically shall mean the transactions listed under Section 188 of the Companies Act, 2013 and as defined in Regulation 2(zc) of SEBI (LODR) Regulations, 2015, from time to time. A “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (a) 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;
 - (b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights, issue or a bonus issue; and
 - iv. buy-back of securities.
 - (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board;
 - (d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
- Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
- (e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

“Relative” means relative as defined under Section 2(77) of the Companies Act, 2013, as reproduced below;

- (i) Members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other in such manner as may be prescribed.

Under Rule 4 of the Companies (Specification of Definitions 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:

- (i) Father (including step-father)
- (ii) Mother (including step-mother)

- (iii) Son (including step-son)
- (iv) Son's wife
- (v) Daughter
- (vi) Daughter's husband
- (vii) Brother (including step-brother)
- (viii) Sister (including step-sister)

Any term not defined under this Policy shall have the same meaning as provided under the Companies Act, 2013 and the Rules made thereunder and SEBI (LODR) Regulations, 2015.

(4) **Material Related Party Transactions**

(1) Materiality of Related Party Transactions means a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds *rupees one thousand crore* or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.

(1A) Notwithstanding the above, 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 a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

(2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

(a) Material modification of Related Party Transactions will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board, as the case may be.

(b) 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;

(c) A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;

(d) prior approval of the audit committee of the company shall not be required for a related party transaction to which the listed subsidiary is a party but the company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation - For related party transactions of unlisted subsidiaries of a listed subsidiary as referred herein above, the prior approval of the audit committee of the listed subsidiary shall suffice.

(e) Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

(f) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

5. POLICY:

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee, in accordance with this Policy.

5.1 Identification of Potential Related Party Transactions:

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Audit Committee / Board may reasonably request. Audit Committee / Board 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 Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

5.2 Related Party Transactions Requiring Approval:

All Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee save for transactions falling under Omnibus Approval prescribed by the Audit Committee. The Audit Committee shall define the meaning of what constitutes subsequent material modification. For the time being the same is defined as the annual value of the transaction already approved exceeds by 10% or the consideration for the transaction increases by 10% over the consideration approved by the Committee.

The following transactions shall not require the approval of the Audit Committee:

- (i) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro-rata as the Related Party or issue of specified securities on a preferential basis that are in compliance with the applicable regulations of SEBI.
- (ii) Any transaction of purchase by any Director or KMP or their relatives of any goods dealt in by the Company or availing of services provided by the Company on terms applicable to all the employees of the Company.
- (iii) Any transaction involving the provisions of remuneration to a Director or Key Managerial Personnel, in connection with his duties to the Company.
- (iv) Any transaction with any wholly owned subsidiary provided the accounts are consolidated.

- (v) Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of sub-regulation 4.2 of this regulation.

The following transactions require the prior approval of the Shareholders:

- (i) All material Related Party Transactions; and
- (ii) Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the ordinary course of business or not at arm's length.

The Related Parties shall abstain from voting on such resolution.

5.3 Review and Approval of Related Party Transactions:

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction as follows;

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest;
- c. Tenure of the proposed transaction;
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis was additionally provided);
- f. for transactions relating to loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the following information was provided:
 - (i) details of the source of funds in connection with the proposed transaction; and
 - (ii) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- i. Any other information that may be relevant

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

(6) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate as follows;

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of the SEBI LODR regulation;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

The process under this Clause 6 shall be without prejudice to any action or penalty that may arise on account of non-compliance as provided under the applicable law.

(7) **REVIEW OF POLICY:**

The Board shall review this policy at least once in three years and update the same.

(8) **COMMUNICATION:**

This Policy and any amendments or replacements thereof will be posted on the Company's web site and also communicated to all operational employees and other concerned persons of the Company.
