



BOARD CHARTER

BIRLA PRECISION TECHNOLOGIES LIMITED

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1. INTRODUCTION, PURPOSE, AND FRAMEWORK

1.1 Definitions & Interpretation

In this Charter, unless the context otherwise requires:

- (a) “Act” means the Companies Act, 2013, and the rules made thereunder, including statutory amendments.
- (b) “Articles” means the Articles of Association of the Company, as amended from time to time.
- (c) “Board” means the Board of Directors of Birla Precision Technologies Limited.
- (d) “Committee” means a committee constituted by the Board under this Charter.
- (e) “Director” means a member of the Board.
- (f) “Independent Director” means a non-executive director who qualifies as independent under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”); and having no material pecuniary relationship with the Company, its promoters or directors during the current financial year and two immediately preceding financial years;
- (g) “Key Managerial Personnel” or “KMP” means persons defined under Section 2(51) of the Act.
- (h) “Nomination & Remuneration Committee” means the committee constituted under Section 178 of the Act and Regulation 19 of SEBI Listing Regulations.
- (i) “Risk Management Committee” means the committee constituted under Regulation 21 of SEBI Listing Regulations.
- (j) “Secretarial Standards” means SS-1 and SS-2 issued by the Institute of Company Secretaries of India.
- (k) Words denoting the singular number include the plural and vice versa, and words denoting gender include all genders; headings are for convenience only.

1.2 Purpose and Objectives

The Board of Directors (the “Board”) of Birla Precision Technologies Limited (the “Company”) has adopted the following Corporate Governance guidelines to establish a robust governance framework that ensures effective oversight, strategic direction, and value creation for all stakeholders.

These guidelines are framed in conjunction with the Company's Memorandum & Articles of Association,³⁴ and applicable laws/rules/regulations/guidelines in force in India, including but not limited to:

- The Act and rules made thereunder
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)
- Secretarial Standards issued by the Institute of Company Secretaries of India
- Any other applicable statutory enactments or amendments thereof from time to time.

1.3 Supremacy of Law

In the event of any conflict between the provisions of this Charter and applicable laws, the statutory provisions shall prevail over this Charter. Any changes in laws/rules/regulations/guidelines will supersede the content of this Charter to the extent applicable.

1.4 Role of the Board

The Board is the apex authority appointed by shareholders to monitor and direct strategies, operations, and management of the Company's business. The Board shall assess the external environment, decide business strategy, formulate policies, appoint and compensate executive management, delegate powers, review performance, and establish checks and balances to ensure sustainable value creation.

2. COMPOSITION OF THE BOARD

2.1 Board Size

The number of Directors on the Board shall comply with the requirements of the Act, SEBI Listing Regulations, and the Articles of Association of the Company. The Board shall comprise a minimum of three (3) directors and a maximum of fifteen (15) directors unless a special resolution is passed to exceed this limit.

2.2 Board Composition

The Board shall have an optimum combination of:

- Executive Directors: Directors who are in the whole-time employment of the Company
- Non-Executive Directors: Directors who are not in the employment of the Company.
- Independent Directors: Meet independence criteria under Section 149(6) of the Act and Regulation 16 of SEBI Listing Regulations, no material pecuniary relationship with the Company, its promoters, or directors during the current financial year and two immediately preceding financial years.

2.3 Regulatory Compliance

The Board composition shall ensure compliance with:

- Where the Chairperson is a Non-Executive Director, at least one-third of the Board shall be Independent and in case the Chairperson is an Executive Director, at least half of the Board shall consist of Independent Directors. Further, at least one director on the Board shall be a woman. For the top 1000 listed entities by market capitalisation, at least one-woman Director shall be an Independent Director under Regulation 17(1)(a) of SEBI Listing Regulations.
- Resident director requirements as prescribed under law

2.4 Diversity and Skills Matrix

Given the nature of the Company's precision manufacturing business, the Board shall consider diversity of:

- Professional Experience: Manufacturing, engineering, technology, finance, legal, governance
- Industry Knowledge: Precision engineering, manufacturing processes, quality systems
- Functional Expertise: Operations, finance, marketing, human resources, technology
- Demographics: Gender, age, cultural background, geographical experience
- Leadership Experience: Corporate governance, risk management, strategic planning

2.5 Key Attributes and Expertise

The Board shall include qualified members with one or more of the following attributes:

- Extensive leadership experience in the manufacturing or precision engineering sector
- Understanding of manufacturing processes, quality systems, and operational excellence
- Experience in driving business success in global markets
- Proficiency in financial management, capital allocation, and financial reporting
- Knowledge of technology trends affecting precision manufacturing
- Experience in regulatory compliance and governance matters
- Background in sustainable manufacturing and ESG practices

3. INDEPENDENCE CRITERIA

3.1 Definition of Independence

Independent Directors shall qualify as 'independent' under the SEBI Listing Regulations and the Act. The criteria for independence shall be strictly adhered to, and any potential conflicts shall be disclosed and addressed.

3.2 Annual Declaration

Independent Directors shall submit a declaration of independence at the first Board meeting of every financial year, affirming compliance with independence criteria.

4. BOARD INDUCTION AND CONTINUING EDUCATION

4.1 Screening and Selection of Directors

The Nomination and Remuneration Committee shall be responsible for:

- Formulating criteria for determining qualifications and independence of Directors
- Recommending candidates to the Board based on skills matrix and diversity requirements
- Ensuring due consideration for the integrity, expertise, and experience of candidates

4.2 Director Induction Program

All new directors shall undergo a comprehensive induction program covering:

- Company's values, culture, and business model
- Manufacturing processes and precision engineering technologies
- Corporate governance framework and Board procedures
- Regulatory and compliance landscape
- Financial and risk management frameworks
- Key policies and code of conduct
- ESG strategy and sustainability initiatives

4.3 Continuing Education

Directors shall participate in continuing education programs to maintain expertise relevant to their Board duties, including updates on:

- Industry trends and technological developments
- Regulatory changes and governance best practices
- Company strategy and operational developments
- Risk management and compliance matters

5. COMMITTEES OF THE BOARD

The Board's committee structure serves as its operational engine, allowing for detailed scrutiny of complex issues that cannot be efficiently handled in a full Board meeting. The composition requirements for these committees are deliberately designed with a risk-based approach. The most sensitive areas—financial integrity (Audit Committee) and executive appointments and remuneration (Nomination and Remuneration Committee) are where the potential for conflicts of interest is highest. Consequently, the law mandates the highest level of independence for these

committees, creating a robust firewall between management and the oversight of their performance and reporting, thereby safeguarding shareholder interests.

5.1 General Framework for Board Committees

The Board shall constitute such committees as are mandated by the Act and SEBI Listing Regulations and may establish other committees as it deems necessary to assist in the discharge of its responsibilities. Each Committee shall function in accordance with a formal, Board-approved charter that defines its purpose, composition, powers, and duties. The minutes of all Committee meetings shall be placed before the Board for its information and noting.

The following table provides a summary of the statutory requirements for the composition of the Board and its mandatory committees.

Body	Minimum Members	Independent Director Requirement	Chairperson Requirement	Quorum	Primary Legal Citation
Board of Directors	3 (as per the Act)	1/3 or 1/2 of total strength (depending on Chairperson)	Chairperson can be Exec/ Non-Exec	One-third of the total strength or two, whichever is higher	Section 149, Regulation 17, SEBI Listing Regulations
Audit Committee	3	At least 2/3 must be IDs	Must be an Independent Director	2 members or 1/3, whichever is higher. (with at least 2 ID)	Section 177, Regulation 18, SEBI Listing Regulations
Nomination & Rem. Committee	3 (Non-Exec)	At least two-thirds must be IDs	Must be an Independent Director	Two members or One Third which ever is higher (with at least 1 ID)	Section 178, Act; Regulation 19, SEBI Listing Regulations
Stakeholders Committee	3	At least one must be an ID	Must be a Non-Executive Director	As per Articles / Board decision	Section 178, Act; Regulation 20, SEBI Listing Regulations

5.2 Audit Committee

Composition: The Audit Committee shall be constituted in compliance with Section 177 of the Act and Regulation 18 of SEBI Listing Regulations. It shall consist of a minimum of three directors, with at least two-thirds being Independent Directors. All members shall be financially literate, and at least one member shall have expertise in accounting or related financial management. The Chairperson of the Committee must be an Independent Director.

Role and Powers: The Audit Committee's role is detailed in Section 177 of the Act and Part C of Schedule II of SEBI Listing Regulations. Its primary responsibilities include:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.

- Recommending the appointment, remuneration, and terms of appointment of the auditors.
- Reviewing and monitoring the auditors' independence and performance.
- Approving or subsequently modifying all related party transactions.
- Scrutinizing inter-corporate loans and investments.
- Evaluating internal financial controls and risk management systems.
- Reviewing the functioning of the vigil (whistle-blower) mechanism.

5.3 Nomination and Remuneration (NRC) Committee

Composition: The NRC shall be constituted in compliance with Section 178 of the Act and Regulation 19 of SEBI Listing Regulations. It shall consist of at least three non-executive directors, of which not less than two-thirds shall be Independent Directors. The Chairperson of the Committee must be an Independent Director.

Role: The NRC's role is specified in Section 178 of the Act and Part D of Schedule II of SEBI Listing Regulations. Its key functions include:

- Formulating the criteria for determining qualifications, positive attributes, and independence of a director.
- Identifying persons who are qualified to become directors and who may be appointed to senior management and recommending their appointment and removal to the Board.
- Formulating and recommending to the Board a policy relating to the remuneration for directors, Key Managerial Personnel, and other employees.
- Devising a policy on Board diversity.
- Specifying the manner for and leading the process of the annual performance evaluation of the Board, its committees, and individual directors.

5.4 Stakeholders Relationship Committee (SRC)

Composition: The SRC shall be constituted in compliance with Section 178(5) of the Act and Regulation 20 of SEBI Listing Regulations. It shall consist of at least three directors, with at least one being an Independent Director. The Chairperson of the Committee shall be a Non-Executive Director.

Role: The primary role of the SRC, as defined in Part D of Schedule II of SEBI Listing Regulations, is to consider and resolve the grievances of the Company's security holders. This includes addressing complaints related to the transfer or transmission of shares, non-receipt of annual reports, non-receipt of declared dividends, and other related matters.

5.5 Corporate Social Responsibility Committee (CSR)

Composition: The Company shall constitute a Corporate Social Responsibility Committee ("CSR Committee") in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

The CSR Committee shall comprise a minimum of three Directors, including at least one Independent Director.



Where the Company is not required to appoint an Independent Director under applicable law, the CSR Committee shall be constituted in accordance with the provisions of Section 135 of the Act. The Board shall appoint the Chairperson of the CSR Committee.

Meetings and Quorum

The CSR Committee shall meet as frequently as necessary to discharge its functions effectively.

The quorum for meetings of the CSR Committee shall be two members or one-third of the total members of the Committee, whichever is higher.

Roles and Responsibilities

The CSR Committee shall, inter alia:

Formulate and recommend to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company in areas or subjects specified under Schedule VII of the Act.

Recommend the amount of expenditure to be incurred on CSR activities.

Monitor the CSR Policy and implementation of CSR projects or programmes undertaken by the Company.

Recommend to the Board an annual action plan for CSR activities, including:

List of CSR projects or programmes

Modalities of execution of such projects

Implementation schedules

Monitoring and reporting mechanisms

Details of need and impact assessment, where applicable

Ensure that CSR activities are undertaken in accordance with the CSR Policy approved by the Board.

Review periodic reports on CSR initiatives and utilisation of funds.

Ensure compliance with disclosure requirements relating to CSR activities in the Board's Report, Annual Report and the Company's website.

Oversee the impact assessment of CSR projects, wherever applicable under the Act and Rules.

Perform such other functions as may be delegated by the Board or prescribed under applicable laws.

CSR Policy Implementation

The Company may undertake CSR activities either directly or through implementing agencies registered with the Central Government and complying with applicable statutory requirements.

Reporting

The CSR Committee shall place periodic reports before the Board on CSR activities undertaken, expenditure incurred and progress of ongoing projects.

5.6 Other Committees

The Board may, from time to time, constitute additional non-mandatory committees to address specific areas or projects. Such committees may include an ESG Committee, an Investment Committee or any other committee by whatsoever names called. Each such committee shall be formed with a specific, Board-approved terms of reference outlining its composition, scope, and authority.

6. BOARD POWERS, DUTIES AND RESPONSIBILITIES

6.1 Primary Responsibilities

The Board's primary responsibility is to exercise business judgment in the best interests of the Company and its stakeholders. Key responsibilities include:

Strategic Oversight:

- Review and approve corporate strategy, business plans, and budgets
- Monitor performance against strategic objectives
- Approve major capital expenditure and investments
- Oversee mergers, acquisitions, and strategic partnerships

Governance and Compliance:

- Ensure compliance with applicable laws and regulations
- Establish and monitor internal controls and risk management systems
- Approve key policies and procedures
- Oversee corporate governance framework

Management Oversight:

- Appointment and evaluation of Key Managerial Personnel
- Succession planning for senior management
- Approval of organizational structure and delegation of authority
- Performance evaluation and compensation decisions

Stakeholder Management:

- Protect the interests of shareholders and other stakeholders
- Ensure transparent communication and disclosure
- Oversee ESG initiatives and sustainability practices
- Manage stakeholder relationships and reputation

6.2 Board Access

The Board shall have complete access to:

- Company's books, records, and information systems
- Management, employees, and facilities
- External advisors, consultants, and auditors
- Independent professional advice when required

6.3 Appointment of Key Management Personnel

The Board shall, based on recommendations of the Nomination and Remuneration Committee:

- Appoint Managing Director, Executive Directors, and Key Managerial Personnel
- Approve compensation plans and performance metrics
- Define terms of appointment and service agreements
- Monitor performance and succession planning

6.4 Delegation of Authority

The Board shall approve a Delegation of Authority Matrix that:

- Defines authority levels for various decisions
- Ensures appropriate segregation of duties
- Enables efficient decision-making
- Maintains adequate internal controls

7. BOARD MEETINGS

The conduct of Board and Committee meetings shall be governed by the Act, SEBI Listing Regulations, and Secretarial Standard-1 (SS-1).

7.1 Frequency

The Board shall meet at least four times in a Financial year, with a maximum interval of one hundred and twenty days between any two consecutive meetings, as mandated by Section 173 of the Act and Regulation 17(2) of SEBI Listing Regulations.

7.2 Notice

A written notice of every meeting, along with a detailed agenda, shall be sent to every director at least seven days before the meeting. In case of urgent business, a meeting may be called at a shorter notice, provided at least one Independent Director, if any, is present at the meeting.

7.3 Quorum

The quorum for a Board meeting shall be one-third of its total strength or two directors, whichever is higher, including at least one Independent Director. Directors participating via video conferencing or other audio-visual means shall be counted for the purpose of quorum.

7.4 Participation via Electronic Mode

Directors may participate in meetings through video conferencing or other audio-visual means as permitted under the Act and its rules.

7.5 Resolutions by Circulation

In accordance with Section 175 of the Act and Para 6 of SS-1, the Board may pass resolutions by circulation for matters that do not require deliberation at a formal meeting. A draft of the resolution, along with all necessary supporting documents, shall be circulated to all directors. The resolution is deemed to be passed when it is approved by a majority of the directors who are entitled to vote on the resolution. However, if not less than one-third of the total number of directors require that the resolution be decided at a meeting, the Chairperson shall put the resolution for consideration at a duly convened Board meeting.

7.6 Minutes of Proceedings

The Company shall cause minutes of the proceedings of every meeting of its Board of Directors and of every committee of the Board to be prepared and maintained in accordance with Section 118 of the Act and Para 7 of SS-1. The minutes shall contain a fair and correct summary of the proceedings, including the names of the directors present and any dissents expressed. The minutes shall be entered in the minute books within thirty days of the conclusion of the meeting and shall be signed and dated by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting.

7.7 Separate Meetings of Independent Directors

As mandated by Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations, the Independent Directors of the Company shall hold at least one meeting in a financial year without the attendance of non-independent directors and members of management. In this meeting, they shall:

- Review the performance of non-independent directors and the Board as a whole.
- Review the performance of the Chairperson of the Company, taking into account the views of executive and non-executive directors.

- Assess the quality, quantity, and timeliness of the flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

8. COMPENSATION AND REMUNERATION

8.1 Board Compensation

The remuneration of directors shall be determined in accordance with the Remuneration Policy formulated by the Nomination and Remuneration Committee and approved by the Board. The policy shall be designed to attract, retain, and motivate directors of the quality required to run the Company successfully. Remuneration paid to Executive Directors shall be recommended by the NRC and approved by the Board and shareholders, as required under Sections 178 and 197 of the Act. Non-Executive Directors shall be paid sitting fees for attending meetings. All details of remuneration paid to directors shall be disclosed transparently in the Company's Annual Report.

8.2 Disclosure

All compensation paid to Board members shall be disclosed in the Annual Report with full transparency.

9. CODE OF CONDUCT AND ETHICS

9.1 Code of Conduct

The Board has adopted a comprehensive Code of Conduct applicable to all directors and senior management personnel. This Code serves as an ethical guide for professional conduct and is aligned with the Company's values. In accordance with Regulation 26(3) of SEBI Listing Regulations, all Board members and senior management personnel shall affirm compliance with the Code of Conduct on an annual basis. The Code shall be posted on the Company's website.

9.2 Management of Conflicts of Interest

Directors have a fiduciary duty to avoid conflicts of interest. In compliance with Section 184 of the Act, every director shall, at the first meeting of the Board in which they participate and thereafter at the first Board meeting of every financial year, disclose their concern or interest in any other company or body corporate, firm, or other association of individuals. A director who is directly or indirectly interested in a contract or arrangement shall disclose the nature of their interest at the meeting of the Board where the contract is discussed and shall not participate in such discussion or vote on the matter.

9.3 Confidentiality

Directors shall maintain strict confidentiality regarding:

- Non-public information about the Company
- Strategic plans and business information
- Board discussions and deliberations
- Price-sensitive information

10. PERFORMANCE EVALUATION

10.1 Board Evaluation

The Board shall conduct an annual evaluation of:

- Overall Board effectiveness and performance
- Individual director performance and contribution
- Committee effectiveness and functioning
- Board composition and skills adequacy

10.2 Evaluation Process

The Nomination and Remuneration Committee shall facilitate the evaluation process, which may include:

- Self-assessment questionnaires
- Peer evaluation mechanisms
- External evaluation by independent consultants (periodically)
- Feedback from stakeholders and management

10.3 Management Evaluation

The Board shall evaluate the performance of:

- Managing Director and Executive Directors
- Key Managerial Personnel
- Senior management team

Based on predetermined KPIs, including financial performance, strategic objectives achievement, and stakeholder management.

11. SUCCESSION PLANNING

11.1 Leadership Succession

The Board shall ensure:

- Long-term succession plans for Board and senior management positions
- Emergency succession plans for key positions
- Regular review and updating of succession plans
- Development of internal talent pipeline

11.2 Implementation

The Nomination and Remuneration Committee shall:

- Review succession planning once every three years
- Identify and develop potential successors
- Ensure smooth leadership transitions
- Monitor the effectiveness of succession planning

12. RISK MANAGEMENT AND INTERNAL CONTROLS

12.1 Risk Oversight

The Board has the ultimate responsibility for overseeing the Company's risk management framework and for ensuring the adequacy and effectiveness of its internal control systems. Through the Risk Management Committee, where applicable and constituted, and the Audit Committee, the Board will identify the principal risks to the Company's business, review the risk mitigation plans and processes put in place by management, and ensure that a culture of risk awareness permeates the organization.

The Board shall:

- Establish an enterprise-wide risk management framework
- Identify and assess key business risks
- Monitor risk mitigation strategies
- Ensure adequate risk reporting mechanisms

12.2 Environmental, Social, and Governance (ESG) Oversight

The Board's oversight of ESG matters has evolved from a peripheral activity to a core component of its fiduciary duty and risk management function. This shift is legally grounded in Section 166(2) of the Act, which mandates directors to act in the best interests of the "community" and for the "protection of the environment". This duty has been operationalized by SEBI through the mandatory Business Responsibility and Sustainability Report (BRSR) framework for top-listed entities, which transforms a broad ethical duty into a concrete, data-driven disclosure requirement.

The mandatory reporting of quantitative ESG metrics means these factors are now auditable, comparable, and directly impact investor perception and risk assessment. Consequently, the Board's oversight of ESG is intrinsically linked to its fundamental responsibilities of risk management (e.g., climate and supply chain risks), strategic planning (e.g., transition to sustainable manufacturing), and transparent reporting.

The Board shall therefore:

Acknowledge its statutory duty under Section 166(2) of the Act to consider environmental and community interests.

Oversee the Company's ESG strategy, including the identification of material ESG risks and opportunities relevant to the precision manufacturing sector.

Ensure the integrity and accuracy of the Company's ESG disclosures, including the annual BRSR, if applicable, as required by Regulation 34(2)(f) of SEBI Listing Regulations.

12.3 Internal Controls

The Board shall ensure:

- Robust internal control systems
- Regular internal audit functions
- Compliance monitoring mechanisms
- Fraud prevention and detection systems

13. REVIEW AND AMENDMENTS

13.1 Periodic Review

This Charter shall be reviewed periodically by the Board and updated as necessary to reflect:

- Changes in applicable laws and regulations
- Evolving governance best practices
- Company's business development and strategic priorities
- Stakeholder expectations and feedback

13.2 Review & Amendment Process

To ensure that the Company's governance framework remains relevant and effective, the Board of Directors shall review this Charter at such intervals as it deems appropriate. The review will consider changes in applicable laws and regulations, evolving corporate governance best practices, and the Company's strategic priorities. Any amendments to this Charter shall require the approval of the Board of Directors.

14. DISCLOSURE AND TRANSPARENCY

14.1 Public Disclosures

The Company shall maintain transparency through:

- Regular financial and operational reporting
- Timely disclosure of material events
- Compliance with continuous disclosure obligations
- Stakeholder communication and engagement

14.2 Website Disclosures

Key governance documents shall be available on the Company's website:

- Board Charter & Terms of reference of the Committee
- Code of Conduct and key policies
- Board composition and director profiles
- Annual governance reports

CONCLUSION

This Board Charter represents Birla Precision Technologies Limited's commitment to the highest standards of corporate governance and ethical business practices in the precision manufacturing sector. The Charter shall serve as a guiding framework for the Board in fulfilling its fiduciary duties and ensuring sustainable value creation for all stakeholders.

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