

# **BANSWARA SYNTEX LIMITED**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **LEGAL FRAMEWORK**

Clause 49 (V) (D) under Listing Agreement extends certain principles of Corporate Governance to Material Subsidiaries of listed companies.

The Board of Directors (the "**Board**") of Banswara Syntex Limited (the "**Company**") is to formulate a policy for determining "Material Subsidiaries" to comply with the requirements of Clause 49 of the Listing Agreement for such Material Subsidiaries. In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment (s), clarification (s), circular (s) etc.

### **DEFINITION**

- **ACT**

"**Act**" means Companies Act, 2013 and Rules prescribed thereunder, including any statutory amendment or modification thereof.

- **CLAUSE 49**

"**Clause 49**" means the Clause 49 of the Listing Agreement, as entered into by the Company with the Stock Exchanges including any amendment or modification thereof.

- **HOLDING COMPANY**

"**Holding Company**" in relation to one or more other companies, means a company of which such companies are Subsidiary companies.

- **INDEPENDENT DIRECTOR**

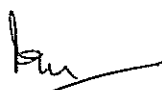
"**Independent Director**" means a Director of the Company, not being a Whole-time Director and who is neither a Promoter nor belongs to the Promoter group of the Company and who satisfies other criteria for independence under the Act and Clause 49.

- **MATERIAL SUBSIDIARY**

A subsidiary shall be considered as material:

a. if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or

b. if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.



- **MATERIAL NON-LISTED INDIAN SUBSIDIARY**

"**Material non-listed Indian subsidiary**" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

- **Audit Committee**

"**Audit Committee**" means the committee formed under Section 177 of the Companies Act, 2013.

**PROVISIONS WITH REGARD TO MATERIAL NON-LISTED INDIAN SUBSIDIARY & MATERIAL SUBSIDIARY COMPANIES**

- At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a **material non-listed Indian subsidiary** company;
- The company shall not dispose of shares in its **material subsidiary** which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal;
- The company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the **material subsidiary** on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.


**DISCLOSURES**

- This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.
- The company shall include particulars of its subsidiary companies in its annual return;

**AMENDMENT OR REVIEW**

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

Approved in Board Meeting  
dated 13.02.2015

  
**RAKESH MEHRA**  
Chairman of the Meeting