

# **BANSWARA SYNTEX LIMITED**

## **RELATED PARTY TRANSACTION POLICY**

### **1. Preamble**

The Board of Directors (the "Board") of Banswara Syntex Limited (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company, to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

### **2. Purpose**

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. The Company will disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### **3. Definitions**

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

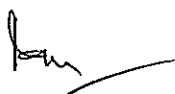
**"Arm's Length basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

**"Board"** means Board of Directors of the Company

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director and in his absence, whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer



**"Material Related Party Transaction"** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

**"Policy"** means Related Party Transaction Policy.

**"Related Party"** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

An entity shall be considered as related to the Company if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable Accounting Standards.

**"Related Party Transaction"** means any transaction directly or indirectly involving transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged or not.

**"Relative"** means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

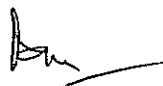
- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

#### **4. Policy**

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

#### **Identification of Potential Related Party Transactions**

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the disclosure of interest.



The Company shall identify Related Party Transaction with Directors or Key Managerial Personnel of the Company or their relatives. The Company will also identify the potential transaction with the Related Parties.

### **Review and Approval of Related Party Transactions**

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in clause 49 of the listing agreement.

Any member of the Committee who has a potential interest in any Related Party Transaction shall 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 the necessary information, to the extent relevant, with respect to actual or potential Related Party Transaction.

### **Approval of Board**

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.

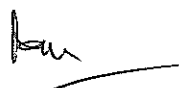
### **Approval of Shareholders**

All material Related Party Transactions shall require approval of the Shareholders through special resolution and the Related Parties with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if required under any law and the Related Parties shall abstain from voting on such resolution.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company



or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- ii. 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.

#### **5. 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.

#### **6. Disclosures**

The Company shall disclose the policy on dealing with Related Party Transaction on its website and web-link shall be provided in the Annual Report.

#### **8. Amendments in Law**

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this policy.

**Approved in Board Meeting  
dated 13.02.2015**

  
**RAKESH MEHRA**  
**Chairman of the Meeting**