



## RELATED PARTY TRANSACTIONS POLICY

### 1. INTRODUCTION

This Policy on Related Party Transactions (“the Policy”) of Banswara Syntex Limited (“the Company”) and the amendment to this Policy, if any, by the Board of Directors of the Company or any Committee thereof shall be effective from the date on which it is notified from time to time.

The Company has always been committed to best corporate governance practices and this Policy is prepared for ensuring compliance with the provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and such other regulatory provisions, as may be applicable (including any statutory amendments thereto or re-enactment thereof).

The Policy envisages the procedure governing Related Party Transactions required to be followed by Company to ensure compliance with the applicable laws and regulations. The Audit Committee will review the same from time to time and propose the amendment required in the Policy to the Board of Directors.

### 2. DEFINITIONS

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under the provisions of the Act and Listing Regulations.

“**Arm’s Length Transactions**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Board**” means Board of Directors of the Company.

“**Relative**” means relative as defined under Section 2(77) of the Companies Act, 2013 and under Regulation 2(1)(zd) of the Listing Regulations as amended from time to time.

“**Related Party**” means related party as defined under the Companies Act, 2013 or rules made thereunder and under Listing Regulations as amended from time to time.

“**Transaction**” with a related party shall be construed to include a single transaction or a group of transactions.

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**“Related Party Transaction”** shall mean such transactions as specified under Act or rules made thereunder and under Listing Regulations, as amended from time to time.

**“Material Related Party Transaction”** means a transaction with a related party

(a) 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 10 (ten) percent of the annual consolidated turnover of the listed entity company as per the last audited financial statements of the Company, whichever is lower.

(b) Further, 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 5 (five) percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

**“Material Modification(s)”** means and includes any modification to an existing Related Party Transaction having variance of 20% in the value/exposure of the approved limit as sanctioned by the Audit Committee/ Board/ Shareholders, as the case may be.

**“Key Managerial Personnel”** means key managerial personnel as defined in the Companies Act, 2013 and Regulation 2(1)(o) of the Listing Regulations as amended from time to time.

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

**“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation- For the purpose of this clause

**“Significant Influence”** means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

**“Joint Venture”** means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

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**“Ordinary Course of Business”** shall mean Transactions entered in pursuance of the business objective of the Company and necessary for Company’s operations or related financial activities, including the fixed assets transactions and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

### **3. POLICY AND PROCEDURE**

#### **Policy**

All Related Party Transactions where the Company is a party to such transactions must be reported to the Audit Committee and referred to the Committee for approval in accordance with this policy.

#### **Procedure**

##### **A. Disclosure by Promoter, Director and Key Managerial Personnel**

Every Promoter, Director and Key Managerial Personnel of the Company and its subsidiaries/ Joint venture shall at the time of appointment, periodically – as required by the Company or applicable law and whenever there is any change in the information already submitted provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

##### **B. Identification of Transaction with related parties**

Each Promoter, Director and Key Managerial Personnel is responsible for providing notice to the Company of any potential Related Party Transaction where he/she may be considered interested. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Directors and KMPs will ensure that their notice of any potential Related Party Transaction is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

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## **C. Review and approval of Related Party Transaction**

### **i. Audit Committee**

- The Company shall not enter into any contract or arrangement with a Related Party without prior approval of the Audit Committee. Further, all subsequent material modifications, other than those with exempted Wholly Owned Subsidiaries, if any (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) will also require prior approval of the Audit Committee.

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

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 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary, or such limit as prescribed under the Listing Regulations from time to time.

- Prior approval of the Audit Committee of the Company shall *not* be required for a related party transaction to which the Listed Subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of Listing Regulations are applicable to such Listed Subsidiary.

Explanation: For related party transactions of Unlisted Subsidiaries of a Listed Subsidiary as referred above, the prior approval of the Audit Committee of the Listed Subsidiary shall suffice.

- remuneration and sitting fees paid by the listed entity 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.

### **COMPLIANCE & INFORMATION FOR RECTIFICATION OF RELATED PARTY TRANSACTIONS BY AUDIT COMMITTEE.**

- 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:

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- (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.”

- The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions to be entered into by the Company or its subsidiary that are repetitive in nature, subject to the following disclosures:
  - i. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  - ii. The indicative base price / current contracted price and the formula for variation in the price, if any; and
  - iii. Such other conditions as the Audit Committee may deem fit.

The audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

- The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available, subject to their value not exceeding Rs. 1 crore per transaction.
- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.

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- Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder, Listing Regulations and obtain approval of the Audit Committee or Board or its shareholders, as may be applicable, for such contract or arrangement.

## **ii. Approval of the Board and the Shareholders –**

- All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such transaction.
- Further, all related party transactions (which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed in the Act shall also require approval of shareholders of the Company by way of Resolution and (all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is party to the particular transactions or not.
- All material related party transactions and subsequent material modifications, as defined aforesaid, other than those with exempted Wholly Owned Subsidiaries of the Company, if any, shall require prior approval of the shareholders of the Company through resolution and no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.
- Prior approval of shareholders of the Company shall *not* be required for a related party transaction to which the Listed Subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such Listed Subsidiary.

Explanation: For related party transactions of Unlisted Subsidiaries of a Listed Subsidiary as referred above, the prior approval of the shareholders of the Listed Subsidiary shall suffice.

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Provided further that the requirements specified under sub-regulation 4 of Regulation 23 shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- In case the Related Party Transactions are not falling under above category but require approval of the shareholders under Section 188(3) of the Companies Act, 2013, the approval of the shareholders will be required before entering into such transactions or in case the transaction was entered without taking prior approval, the approval of the shareholders shall be obtained within 3 months of entering into the transactions.

#### **4. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL**

The requirement of approval of Audit Committee, prior approval of shareholders and omnibus approval shall not be applicable in following cases:

- a) Transactions entered into between a Holding Company and its Wholly Owned Subsidiary, if any, whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval;
- b) transactions entered into between two Wholly-owned Subsidiaries of the Listed Holding Company, whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval; and
- c) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- d) Any transactions exempted under the Companies Act, 2013 or the Listing Regulations from time to time.

#### **5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

If a Related Party Transaction is entered into by the Company without being approved under this policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate in accordance with the Act and Listing Regulations.

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## 6. DISCLOSURES

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Details of all material transactions with related parties shall be disclosed quarterly alongwith the compliance report on corporate governance.
- The company shall disclose the policy on dealing with Related Party Transactions on its website i.e. [www.banswarasyntex.com](http://www.banswarasyntex.com) and a web link thereto shall be provided in the Annual Report of the Company
- The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified by the SEBI from time to time, every six months on the date of publication of its standalone and consolidated financial results, and publish the same on its website.

## 7. POLICY REVIEW

The policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the Board of Directors at least once every three years and may be amended / updated / substituted / replaced accordingly.

## 8. AMENDMENT

In any circumstance where the terms of this Policy differ from any Laws, Rules, Regulations, Notifications, etc. for the time being in force, the Laws, Rules, Regulations, Notifications, etc. shall take precedence over this Policy

This Policy shall be deemed to have come into force with effect from date of its adoption.

The provisions of the Act, and relevant Regulations of the Listing Regulations (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.

**Reviewed and Approved at the meeting of the Board of Directors held on 29<sup>th</sup> January, 2025**

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