

SHREE RAJASTHAN SYNTEX LTD

POLICY ON MATERIALITY OF
RELATED PARTY TRANSACTIONS
AND
ON DEALING WITH
RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTION (RPT) POLICY

1. INTRODUCTION

Shree Rajasthan Syntex Ltd (the "Company") must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, this Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors (the "Board") in order to set forth the procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

2. APPLICABILITY

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

3. PURPOSE

This Policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) / amendments(s) / re-enactment(s) thereof) ("SEBI Listing Regulations") and the provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

4. DEFINITIONS

"Act" shall mean the Companies Act 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"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.

"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 purposes of this clause,—

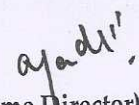
- a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;
- b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

"Audit Committee" or "Committee" means "Audit Committee" constituted by the Board of Directors of the Company under provisions of SEBI Listing Regulations and Companies Act, 2013 as amended from time to time.

"Board of Directors" or "Board" means the Board of Directors of the Company as constituted from time to time.


(Company Secretary)


(Managing Director)


(Whole Time Director)



"Company" means Shree Rajasthan Syntex Ltd.

"Material Related Party Transaction" in terms of SEBI Listing Regulations means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

- i. In case of transactions involving payments made with respect to brand usages or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- ii. In case of any other transaction(s), if the amount exceeds Rs. 1,000 crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

"Material Modification" means any modification(s) in the pricing, quantity or overall transaction value having a variance of 25% (twenty five percent) or more, in the relevant previously approved related party transaction.

"Policy" means Related Party Transaction Policy.

"Related Party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards:

The following shall also be treated as the Related Party -

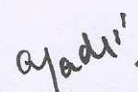
- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

Related party under section 2(76) of the Companies Act, 2013 and rules made there under are as follows-

- 1) a director or his relative;
- 2) a key managerial personnel or his relative;
- 3) a firm, in which a director, manager or his relative is a partner;
- 4) a private company in which a director or manager or his relative is a member or director;
- 5) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- 6) Any body 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;
- 7) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;
- 8) any body corporate which is—
 - a. a holding, subsidiary or an associate company of such company;
 - b. a subsidiary of a holding company to which it is also a subsidiary; or
 - c. an investing company or the venturer of the company Director or Key Managerial Personnel of the holding company or his relative; or
 - d. such other persons as may be prescribed


(Company Secretary)


(Managing Director)


(Whole Time Director)



"Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and 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 by the listed entity 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:

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);"

"Relatives" "Relative", with reference to any person, means anyone who is related to another, if they are –

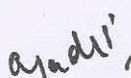
- ❖ Members of a Hindu Undivided Family;
- ❖ Husband and wife; or
- ❖ One person is related to the other person as:
 - ❖ Father (including step-father)
 - ❖ Mother (including step-mother)
 - ❖ Son (including step-son)
 - ❖ Son's wife
 - ❖ Daughter
 - ❖ Daughter's husband
 - ❖ Brother (including step-brother)
 - ❖ Sister (including step-sister)

5. POLICY

All Related Party Transactions where the Company is a party to such transactions must be reported to the Audit Committee and referred for approval as per the requirement of the law.


(Company Secretary)


(Managing Director)


(Whole Time Director)



A. Every Related Party Transaction and Subsequent Material Modifications shall be subject to the prior approval of the Audit Committee.

(Members of the Audit Committee, who are independent directors, shall only approve related party transactions).

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature, subject to compliance of the conditions contained in SEBI Listing Regulations.

B. 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.

C. 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 as per **Annexure 1** shall also require prior approval of shareholders of the Company by way of Ordinary 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 a party to the particular transaction or not.

Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.


D. All entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

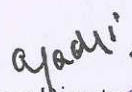
6. MATERIAL RELATED PARTY TRANSACTIONS

A transaction with a Related Party shall be considered material if:

- i) "The transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower."
- ii) Transaction involving payments made to a Related Party with respect to brand usage or royalty, if it exceeds Five Percent (5%) of the annual consolidated turnover of the Company as per the last audited financial statements.


(Company Secretary)


(Managing Director)


(Whole Time Director)



7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company 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.

8. DISCLOSURES

- ◆ Every Related Party Transaction with proper justification shall be disclosed in the Boards' Report.
- ◆ The Company shall submit
Enhanced disclosure of information related to RPTs to be provided to the Stock Exchange every six months in the format specified by the SEBI with the following timelines:
 - i. Within 15 days from the date of publication of financials;
 - ii. Simultaneously with the financials w.e.f. April 1, 2023,
And also publish the same on its website.
- ◆ The Company shall disclose the policy on Related Party Transactions on its website and web-link shall be provided in the Annual Report.

9. Policy Review

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirement of the SEBI Listing Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015 or any other regulations which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

This policy shall be reviewed by the Board of Directors at least once in every three years and updated accordingly.

10. AMENDMENTS IN LAW

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

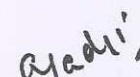
The amendment to this policy has been adopted by the Board of Directors of the Company based on recommendations of Audit Committee and shall be effective from 1st April, 2022.



(Company Secretary)



(Managing Director)


(Whole Time Director)



ANNEXURE 1


Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows :

As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below —

- Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company , as mentioned in clause (a) and clause (e) respectively of sub- section (1) of section 188;
- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company , as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.


(Company Secretary)


(Managing Director)


(Whole Time Director)

