



GANESH BENZOPLAST LIMITED

RELATED PARTY TRANSACTION POLICY



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[Under Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Preamble:

The Board of Directors (the “Board”) of Ganesh Benzoplast Ltd (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the manner of dealing with Related Party Transactions (“Policy”) in terms of Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. Objective:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

3. Definitions:

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

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

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer
- (iv) such other officer as may be prescribed or as may be defined and included from time to time.

“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.



“Related Party”

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.

Section 2(76) of the Companies Act, 2013, as referred above, defines Related Party as —

- (i) A Director or his relative;
- (ii) A Key Managerial Personnel or his relative;
- (iii) A firm, in which a director, manager or his relative is a partner;
- (iv) A private company in which a director or manager is a member or director;
- (v) 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;
- (vi) Anybody 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; [Except advice, directions or instructions given in a professional capacity]
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act.[Except advice, directions or instructions given in a professional capacity]
- (viii) Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- (ix) A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

“Relative”: with reference to any person, means who is related to another, if:-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are Husband or wife or
- (iii) One person is related to the another in the following manner, namely:-
 - a. Father, includes step-father.
 - b. Mother, includes step-mother.
 - c. Son, includes step-son.
 - d. Son’s wife.
 - e. Daughter.
 - f. Daughter’s husband.
 - g. Brother, includes step-brother.
 - h. Sister, includes step-sister.



“Related Party Transactions” means contract or arrangement with a related party with respect to the following and includes transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged:

As per Section 188 of the Act, shall means contracts or arrangements with related party with respect to :-

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

4. Audit Committee Approval

All Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Committee in accordance with this Policy. Every Related Party Transaction (RPT) shall be subject to the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price/current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- d) The Audit committee shall review, at least on a quarterly basis, the details of Related party transactions entered into by the Company pursuant to each of the omnibus approval given;



- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5. Board's Approval

- 1) The Audit Committee shall report all Related Party Transaction to the Board of Directors.
- 2) As per the provisions of Section 188 of the Companies Act, 2013 the following transactions and which are not in the ordinary course of business or not at arm's length basis shall be placed before the Board for its approval:-
 - a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying property of any kind;
 - c) leasing of property of any kind;
 - d) availing or rendering of any services;
 - e) appointment of any agent for purchase or sale of goods, materials, services or property
 - f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - g) underwriting the subscription of any securities or derivatives thereof, of the company
- 3) Transactions where the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/ or at arm's length basis and decides to refer the same to the Board for approval.
- 4) Interested directors shall not participate in the meeting.
- 5) Transactions meeting the materiality thresholds laid down under this policy, which are intended to be placed before the shareholders for approval.

6. Shareholders' Approval

Except with the prior approval of the company by a special resolution a company shall not enter into any contract or arrangement with a related party respect to following

- a) sale, purchase or supply of any goods or materials directly or through appointment of agent, exceeding 10% of the turnover of the company or Rs. 100 Crores whichever is lower;
- b) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent exceeding 10% of net worth of the company or Rs. 100 crore whichever is lower;
- c) leasing of property of any kind exceeding 10% of the net worth of the company or 10% of turnover of the company or Rs. 100 crores whichever is lower;
- d) availing or rendering of any services directly or through appointment of agent, exceeding 10% of the turnover of the company or Rs. 50 crores, whichever is lower;
- e) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 250,000;
- f) Remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding 1% of the net worth



It is hereby clarified that the limits specified in clause (a) to (d) shall apply for transaction or transactions to be entered either individually or taken together with the previous transactions during a financial year.

However, any of the aforesaid transactions shall not require prior approval of the shareholders provided the transaction is in the ordinary course of business and on an arm's length basis.

All material Related Party Transactions shall require approval of the shareholders through special resolution and all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

However, in the following cases approval of the shareholders through special resolution is not required:

- a) Transactions entered into between two government companies;
- b) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Disclosures required for obtaining shareholder's approval:

The explanatory statement to be annexed to the notice of a general meeting convened for the purpose of obtaining shareholders' approval shall contain the following particulars namely:-

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii. the persons/authority approving the transaction; and
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

7. Restrictions on Voting

The members of the Company shall not vote on special resolution for approving contract or arrangement, if such member is a related party to it. In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.



8. Related Party Transactions not Approved Under This Policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved by the Committee, the matter shall be reviewed subsequently by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall examine the facts and circumstances pertaining to the failure of reporting of such Related Party Transaction to the Committee and shall take any such action it deems appropriate.

9. Ratification of the Un-Approved Transactions

If any contract or arrangement is entered into by the Director or any other employee with any related party without obtaining the consent of the Board or shareholders as the case may be. The transaction shall be ratified by the Board/Shareholders at meeting within three (3) months from the date of entering into contract or arrangement.

If the transaction is not ratified within the said time period, then it shall be voidable at the option of the Board. If the contract or arrangement is with related party to any director or is authorised by any other director, the Directors concerned shall indemnify the Company against any loss incurred by it.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction

10. Disclosure Requirements

All the related party transactions requiring the Board/shareholders approval shall be disclosed in the Board report along with justification for entering into such transactions.

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Policy shall also be disclosed on the website and also in the Annual Report of the Company.

11. AMENDNMENT

The Board may as it deems fit amend the policy from time to time. In any case, if there is a contradiction between the policy and the law in force, then the Law shall supersede the policy.