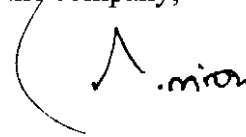


1. Purpose of this Policy

Listing Regulations as effective from the 1st of December 2015 mandates that all listed companies shall formulate their policy on materiality of related party transactions and also on dealing with Related Party Transactions, to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This Policy is also prepared for the identification and regulation of the related party transactions keeping in view the provisions of the Companies Act, 2013 and the Rules there under and Listing Agreement.

2. Definitions

- i) **Act** means Companies Act, 2013;
- ii) **Arm's length transaction** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- iii) **Board** means the Board of directors of Samtex Fashions Limited;
- iv) **Committee** means the Audit committee as defined under the Companies Act, 2013 and Listing Regulations;
- v) **Company** means Samtex Fashions Limited;
- vi) **Key Managerial Personnel** or KMP 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.
- vii) **Listing Agreement** means the Equity Listing Agreement of the Company entered with the Stock Exchange;
- viii) **Listing Regulation** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- ix) **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 as per the last audited financial statements of the company;



- x) **Related Party** means related party as per Companies Act, 2013, if an entity falls under 2(76) and under rule 3 of The Companies (Specification of definitions details) Rules, 2014 and amendment thereof.
- xi) **Relative** means relative as defined as per Section 2(77) and The Companies (Specification of definition details) Rules, 2014.

3. The Policy

Following is the structure of dealing with transactions with Related Parties with the Company:

- Identification of potential Related Party Transactions;
- Approval of Related Party Transactions; and
- Disclosure of Related Party Transactions.

4. Identification of Potential Related Party Transactions

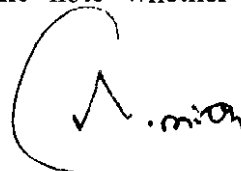
A. Determination of Related party Transaction

In terms with the Companies Act, 2013, the transactions which shall be considered as Related Party Transactions, if entered into between the Company and its Related Party through any contract or arrangement with respect to as prescribed in Section 188 of the Companies Act, 2013 and listing Agreement:

- Sale, Purchase or Supply of any goods or materials;
- Selling or otherwise disposing of, or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company.
- Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged.

B. Nature of Transaction

All the potential Related Party Transactions shall be reviewed in detail by the Audit Committee. Audit Committee shall determine whether the said transaction is fair and is being carried out on an arm's length basis. Lastly, the Committee shall take note whether the Related Party

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Transaction would lead to an improper conflict of interest for any director or Key Managerial Personnel of the Company or any Related Party. The criteria for determination of the same are mentioned below:

(i) Determination of Ordinary Course of Business

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company,

- a. in the normal routine in managing trade or business,
- b. is permitted by the Memorandum of Association of the Company;
- c. the transaction fall under the purview of the business objectives, operational activities and/or financial activities or;
- d. meets any such other criteria as may be decided by the Board/ Audit Committee

(ii) Determination of Arms’ length nature of the Related Party Transaction

a. Price Determination

At the time of determining the arms’ length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms’ length pricing as per applicable Laws, internal procedures and/or guidelines of the company.
- (ii) To rely on professional opinion in this regard.
- (iii) Quotations shall be invited from all the players in the market irrespective of the relationship and price of the contract and/or arrangement shall be decided without any deviation and on uniform basis or by such any other mechanism as may be decided by the Audit Committee and/or by board

b. Selection of arms’ length Related Party Transaction

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and other terms and conditions as may be applicable in case of an unrelated party.
- (ii) Credit Limits extended to the related Party must be usual as for unrelated parties

5. Approval of Related Party Transactions:

i. Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the following conditions:



- (a) the audit committee shall lay down the criteria for granting the 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 regarding the need for such omnibus approval and that such approval is in the interest of the company;
- (c) the omnibus approval shall provide details of:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided that the value does not exceed Rs. 1 crore per transactions;

- (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 approval shall be valid for a period of one year and shall require fresh approval after the expiry of one year.

As per Regulation 23 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the requirement for seeking approval of the Audit Committee shall not be applicable to transactions between Samtex Fashions Limited and its wholly owned subsidiaries whose accounts are consolidated with Samtex Fashions Limited and placed before the Shareholders at a General Meeting, no such exemption has been provided under the Companies Act, 2013. As such, transactions between Samtex Fashions Limited and its wholly owned subsidiaries would also require approval of the Audit Committee.

ii. Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business and at arm's length basis, would be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties' would also be placed before the board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

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- Transactions in respect of which 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;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval
- Any other transactions as the Board may deem fit.

iii. Approval of the Shareholders of the Company

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under section 188 of the Act which

- are not in the ordinary course of business and at arm's length basis; and
- exceed the threshold limits laid down in the Companies (Meetings of Board and its Powers) Rules, 2014

would be placed before the shareholders for their approval.

The Companies Amendment Act, 2015 and Regulation 23(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides exemption for seeking shareholders approval for related party transactions between Samtex Fashions Limited and its wholly owned subsidiaries whose accounts are consolidated with Samtex Fashions Limited and placed before the Shareholders at a General Meeting for approval.

6. Disclosure of Related Party Transactions

- Every related party transaction entered into shall be disclosed to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- Adequate disclosure of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- A register of Related Party Transactions shall be maintained as per the Companies Act, 2013 and placed before the Board and signed by all the directors present at the Meeting.
- This Policy will be disclosed on the Company's website www.samtexfashions.com and a web link thereto would be disclosed in the Annual Report of the Company

7. Related Party Transactions not approved under this Policy

Where the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its implementation, the matter shall be reviewed by the Audit Committee. In such circumstance, the Committee shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction as per the applicable provisions. The Committee shall also examine the facts and circumstances

pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In case where the Committee does not deem it fit to ratify a Related Party Transaction that has been commenced without approval, the Committee, may direct additional actions including, but not limited to, immediate discontinuation of the transaction, as appropriate. The Committee shall also have the authority to modify or waive any procedural requirements of the Related Party Transaction to suit the modus operandi of this Policy.

8. Review

The Board shall, as may be required, assess the adequacy of this Policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices. Any amendment to this policy will be in writing.

9. Effective Date

The Policy shall be effective from 1st December, 2015.

