

FAMILIARISATION PROGRAMME FOR
INDEPENDENT DIRECTORS

Meeting of Independent Directors

30th March, 2015

By SAMTEX FASHIONS LIMITED

Reg. Off.-Plot No.134-135 NSIZ Phase-II,
Noida, Uttar Pradesh
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About the Company

- ❖ Samtex Fashions Limited was incorporated on 26th April, 1993 and is a premiere name in the world of fashion today. It has continued to grow and excel in manufacturing distinguished quality garments for export to major stores in USA and Europe as well as domestic premium brands in the fashion industry.
- ❖ The Company equity shares are listed on Bombay Stock Exchange (BSE) and Delhi Stock Exchange (DSE).

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Statutory Auditors of the Company

Aggarwal & Rampal

Chartered Accountants

2nd Floor, 19, Local Shopping Complex, Madangir

New Delhi-110062

Registrar & Share Transfer Agent

M/s Beetal Financial & Computer Services Pvt. Ltd.,

“BEETAL HOUSE”, 3rd Floor, 99, Madangir,

Phone : 011 – 29961281,29961282

Fax : 011 – 29961284

E-mail: beetalrta@gmail.com

Business Model Of the Company

- ❖ Samtex Fashions has kept abreast with developments across the world and in order to provide better service to our Customers, have opened an office in New York .
- ❖ The Company is a recognized Government of India Export House and has been awarded the Best Performance Certificate on numerous occasions.

Nature of Industry in which the Company Operates

- ❖ The Company carries out its business activities in the textile industry.
- ❖ Company's unit is spread over an area of 32000 square metres and has continued to grow and excel in manufacturing distinguished quality garments for export to major stores in USA and Europe as well as domestic premium brands in the fashion industry

Composition of Board of Directors

BOARD OF DIRECTORS

Mrs. Rita Mittal	Chairman & Managing Director
Mr. Atul Mittal	Whole Time Director
Mr. Surendra Kumar Gupta	Independent Director
Mr. Raman Ohri	Independent Director

Independent Directors
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General Interpretation

Who are Independent Directors ?

As per clause 49 of the Listing Agreements an 'Independent Director' shall mean non-executive director of the Company who-

- in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
- is or was not a promoter of the Company or its holding, subsidiary or associate Company.
- is not related to promoters or directors in the Company, its holding, subsidiary or associate Company.
- apart from receiving director's remuneration, has or had no material pecuniary relationships with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.

- none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company , or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.
- neither himself nor any of his relatives-
holds or has held the position of a key managerial personnel or is or has been employee of the Company, or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which is proposed to be appointed.

is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –

- a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or

- Any legal or consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten percent or more of the gross turnover of such firm.

holds together with his relatives two percent or more of the total voting power of the Company is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty –five percent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two percent or more of the total voting power of the Company.

is a material supplier , service provider or customer or a lessor or lessee of the Company.

- Who is less than 21 years of age.

Independent Directors under Listing Agreement & the Companies Act, 2013

As per clause 49 of the Listing Agreement-

- ◆ Not less than 50% of the board to be non-executive directors.
- ◆ Independent Directors –

Where Chairman of the board is non-executive Director

At least 1/3rd of board should comprise of Independent directors

Where Chairman of the board is an executive Director

At least 1/2 of board should comprise of Independent directors

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- A director shall not be a member in more than 10 Committee or act as chairman of more than 5 Committees across all Companies in which he is a director. Furthermore, every director shall inform the Company about the Committee positions he occupies in other Companies and notify changes as and when they take place.
- At least one Independent Director on the Board of Directors of the holding Company shall be a Director on the Board of Directors of the material non-listed Indian Subsidiary Company.

As per section 149 (4) of the Companies Act,

- Every listed Public Company shall have at least 1/3rd of the total number of directors as independent directors.
- The Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies.

Board Committees

Name of Committee	Provisions applicable	Structure of Committee
Audit Committee	Section 177 of Companies Act, 2013 read with rule 6 & 7 of Companies (Meetings of Board & its Powers) Rules, 2014 deals with the Audit Committee.	Audit Committee shall consist of a minimum of three directors with independent directors forming a majority
Stakeholders Relationship Committee	Section 178 (5), (6)& (7) of the Companies Act, 2013 and clause 49 (IV)A of the Listing Agreement deals with the Stakeholders Relationship Committee	Stakeholders Relationship Committee shall consist of a chairperson who shall be a non executive director and such other members as may be decided by the Board
Nomination and Remuneration Committee	Section 178 (5), (6)& (7) of the Companies Act, 2013 and clause 49 (IV)A of the Listing Agreement deals with the Stakeholders Relationship Committee	Nomination & Remuneration Committee shall consist of a chairperson who shall be a non executive director and such other members as may be decided by the Board

Sexual Harassment Committee	Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	Minimum of three members out of which more than half shall comprise of women members

Tenure of Independent Directors

- ◆ Maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013.
- ◆ As per section 149 (10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of special resolution by the Company.
- ◆ As per section 149 (11), no director shall hold more than two consecutive terms, but such independent director shall be eligible for appointment

after the expiration of three years of ceasing to become an independent directors.

Need of Independent Directors

- ◆ Independent directors broadly fit into overall structure of Corporate governance and are necessary to ensure effective balanced boards.
- ◆ The board is the most significant instrument of corporate governance .
- ◆ Effectiveness of the board as the oversight body to oversee what the management does.
- ◆ Independent of Directors are important, in view of :-
 - Recent Scandals of disclosures & duties.
 - Size and scope of present day enterprise.
 - Complexity of operations.

Code For Independent Directors

Schedule IV of the Companies Act, 2013 provides guidelines of Professional conduct for an Independent director.

An Independent director of the Company shall:

- Uphold ethical standards of integrity and probity.
- Act objectively and constructively while exercising his duties.
- Exercise his responsibilities in a bona fide manner in the interest of the Company.
- Devote sufficient time and attention to his professional obligations for informed and balanced decision making.
- Not allow any extraneous considerations that will vitiate his exercise of objective Independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.

- Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- Refrain from any action that would lead to loss of his independence.
- Where circumstances arise which make an independent Director lose his independence, the independent director must immediately inform the Board accordingly.

Assist the Company in implementing the best corporate governance practices.

Role & Functions of Independent Directors

The Independent Directors shall:

- Help in bringing an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct.

- ❑ Bring an objective view in the evaluation of the performance of board and management.
- ❑ Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- ❑ Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- ❑ Safeguard the interests of all stakeholders, particularly the minority shareholders.
- ❑ Balance the conflicting interest of the stakeholders.
- ❑ Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.

Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management shareholder's interest.

Duties & Responsibilities of Independent Directors

- ◆ Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
- ◆ Seek appropriate clarification or amplification of information and, where necessary, if required take and follow appropriate professional advice and experts at the expense of the Company.
- ◆ Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member.
- ◆ Participate constructively and actively in the committees of the Board in which they are chairpersons or members.
- ◆ Strive to attend the general meetings of the Company.
- ◆ Where they have concerns about the running of the company or proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concern are recorded in the minutes of the Board meeting.

- ◆ Keep themselves well informed about the Company and the external environment in which it operates.
- ◆ Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- ◆ Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves same are in interest of the Company.
- ◆ Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- ◆ Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
- ◆ Acting within his authority, assist in protecting the legitimate interest of the Company, shareholders and its employees.

◆ Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Rights of Independent Directors

- ◆ Right to attend and vote in every board meeting.
- ◆ Right to be appointed in various committees.
- ◆ Right to demand information on every business matter.
- ◆ Right to seek clarifications / justifications.
- ◆ Right to dissent.

POLICIES APPLICABLE TO INDEPENDENT DIRECTORS

- ◆ Code for Independent Directors as per the Companies Act, 2013
- ◆ Company's Code of Business conduct and Ethics.
- ◆ Company's Code of conduct for Prevention of Insider Trading.