

Sam Industries Limited

Related Party Transaction Policy

Objectives

The Board of Directors of Sam Industries Limited has adopted Related Party Transaction Policy (this policy) to set forth the procedure under which transactions with Related Parties shall be review for approval or ratification in accordance with the procedures set forth below.

The Policy also aims to comply with the provisions of the Companies Act, 2013 and rules framed there under and Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited.

The Related Party Transaction Policy may be amended from time to time and is subject to approval of the Board of Directors of the Company.

Definitions

The definitions of some of the key terms used in this Policy are given below.

“Related Party” means a person or an entity:

- i. Which is a related Party under section 2(76) of the Companies Act, 2013 ;
or
- ii. Which is a related party under the applicable accounting standards .

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

- 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 or holds along with his relatives, more than 2 % of its paid up share capital;
- vi. 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;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii. any company which is-
 - a) a holding, subsidiary or an associate company of such company; or
 - b) a subsidiary of a holding company to which it is also a subsidiary;
- ix. Such other person as may be prescribed.

Further as per the Companies (Specification of definition details) Rules, 2014, a Director or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

Related party as per Clause 49 of the Listing Agreement

Under Clause 49 of the Listing Agreement “A ‘related party” is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- 1. A person or a close member of that person’s family is related to a company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013;or

- b. has control or joint control or significant influence over the company; or
- c. is a key management personnel of the company or of a parent of the company;
or

2. An entity is related to a company if any of the following conditions applies:

- a. The entity is a related party under Section 2(76) of the Companies Act, 2013;
or
- b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- d. Both entities are joint ventures of the same third party; or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity);

Explanation: For the purpose of Clause 49(V) and Clause VII(B), the term “control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Relatives**” as per section 2(77) of Companies Act,2013 means, with reference to any person, means anyone who is related to another, if

- they are members of a Hindu Undivided Family
- they are husband and wife

Further as per Rule 4 of the companies (Specification of definition details) rules, 2014, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely;-

- (1) Father: Provided that the term "Father" includes step-father
- (2) Mother Provided that the term "Mother" includes step-mother
- (3) Son, Provided that the term "son" includes step-son
- (4) Son's wife
- (5) Daughter
- (6) Daughter's husband
- (7) Brother, Provided that the term "Brother" includes step-Brother;
- (8) Sister, Provided that the term "Sister" includes step-Sister;

"Key Managerial Personnel", means the following:

- i. The Chief Executive Officer or Managing Director of Manager of the Company
- ii. The Whole-Time Director of the Company
- iii. The Chief Financial Officer of the Company
- iv. The Company Secretary of the Company and
- v. Such other officer as may be prescribed under the Companies Act,2013;

"Associate Company", in relation to another company, means a company in which that other company has 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 percent of total share capital, or of business decisions under an agreement.

"Related Party Transaction" under clause 49 of the Listing Agreement means any transaction involving transfer of resource, services or obligations between a company and a Related Party, regardless of whether a price is charged.

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

“**Financial Year**” shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.

“**Committee**” shall mean the Audit Committee

“**Arms Length transactions**” means as per proviso (b) of subsection (1) of section 188 of Companies Act, 2013 “ a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

All material related party transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Company of any potential Related Party Transaction where he 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.

The Company Secretary shall place the details of all related party transactions in the subsequent meeting of the Audit Committee.

Material Related Party Transactions

Transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 % of the annual consolidated turnover as per the last audited financial statements of the company, as per clause 49 of the Listing Agreement, as amended from time to time.

Review And Approval Process/procedures:

Approval of the Audit Committee

All Related Party transaction shall require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into the with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis subject to compliance of listing agreement or any other applicable laws.

The Audit Committee shall consider the following factors while deliberating the related party transactions for its approval:

- Name of Party and details explaining nature of relation ship
- Nature of transaction and material terms thereof including the value, if any;
- the manner of determining the pricing to ascertain whether the same is on arm's length
- Business rationale for entering into such transaction.

Any member of the Committee who has a potential interest in any Related Party Transaction will rescue himself and abstain from discussion and voting on the approval of the Related Party Transaction.

If the Committee determines that a related party transaction is

(i) a Material related party transaction or

(ii) Transactions are not in the ordinary course of business or not at the arm's length price, the audit committee shall place the matter before the Board for obtaining its approval.

Approval of the Board

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter by the Board, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will rescue himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Shareholder Approval

All Material Related Party Transactions shall require approval of the shareholders through Special Resolution and the related parties shall abstain from voting on such resolutions.

All the transactions, other than material related party transaction, with the related parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through Special Resolution if so required under any law and the related party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

Transactions Which Do Not Require Approval

Notwithstanding the forgoing, the following Related Party Transactions shall not require approval of Audit Committee:

- a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b) Any transaction in which the Related Party's interest solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- c) Transactions available to all employees generally.

Related Party Transactions Not Approved Under This Policy

In the event the company become aware of a Related Party Transaction that has not been approved or ratified under this policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this policy for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the company shall take such action as the Audit Committee deems appropriate under circumstances.

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 along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and web -link shall be provided in the Annual Report.

Amendment In Laws

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