

SOMA TEXTILES & INDUSTRIES LIMITED

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RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

This Policy on Related Party Transactions (“the Policy”) of Soma Textiles & Industries Limited (“the Company”) and the amendment to this Policy, if any, by the Board of Directors of the Company or any Committee thereof shall be effective from the date on which it is notified from time to time.

The Company has always been committed to best corporate governance practices and this Policy is prepared for ensuring compliance with the provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and such other regulatory provisions, as may be applicable.

The Policy envisages the procedure governing Related Party Transactions required to be followed by Company to ensure compliance with the applicable laws and regulations. The Audit Committee will review the same from time to time and propose the amendment required in the Policy to the Board of Directors.

2. DEFINITIONS

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under the provisions of the Act and Listing Regulations.

“Arms Length Transactions” means the transaction carried on between the Company and the Related Party on similar terms and conditions with unrelated party, including the price, and such price charged for the transactions to a Related Party has in no case been influenced by the relationship.

“Board” means Board of Directors of the Company

“Related Party Transaction” A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“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 rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity company as per the last audited financial statements of the Company, whichever is lower.

Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5(five) percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Material Modification” means a modification in related party transactions approved earlier shall be considered as material in nature if the variation in the amount or quantity, as the case may be, is more than 20% of the networth, as per the last audited financial statements of the Company or such limit as prescribed by the Listing Regulations.

“Related Party” means related party as defined in Regulation 2(1)(zb) of the Listing Regulations as amended from time to time.

“Related Party Transactions” means related party transactions as defined in Regulation 2(1)(zc) of the Listing Regulations as amended from time to time.

“Relative” means relative as defined in Regulation 2(1)(zd) of the Listing Regulations as amended from time to time.

“Key Managerial Personnel” means **key managerial personnel** as defined in Regulation 2(1)(o) of the Listing Regulations as amended from time to time.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 2011.

“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 purpose of this clause

“Significant Influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

“Joint Venture” means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

A "**transaction**" with a related party shall be construed to include single transaction or a group of transactions in a contract.

"**Ordinary Course of Business**" shall mean Transactions with related parties will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions and pursuant to the objects of the Company.

3. POLICY AND PROCEDURE

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 by the Committee in accordance with this policy.

Procedure

A. Disclosure by Directors

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his/her concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy.

Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

B. Identification of Transaction with related parties

Each Director and Key Managerial Personnel is responsible for providing notice to the Company of any potential Related Party Transaction where he/she 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 so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.