

SIMPLEX INFRASTRUCTURES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(As revised and approved by the Board of Directors on
14.02.2019)

1. PREAMBLE

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”), as amended from time to time, requires a listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions approved by the Board of Directors.

In view of this requirement and the applicable provisions of the Companies Act, 2013, (hereinafter referred to as “ **the Act**”), the Board of Simplex Infrastructures Limited (hereinafter referred to as “**Company**”) has adopted this policy on Related Party Transactions (hereinafter referred to as “**Policy**”) and procedures in regard to related party transactions (hereinafter referred to as “**Transactions**”).

2. OBJECTIVE AND SCOPE

(a) This Policy has been framed to regulate transactions between the Company and its Related Parties based on the applicable laws and the provisions contained in the Listing Regulations and the Act, as amended from time to time. The objective of the Policy is to ensure proper procedure is followed for the Company and its related parties for approval/ ratification and reporting of the Transactions, if any, as applicable, between the Company and any of its Related Parties

(b) This Policy has been revised and approved by the Board of Directors on 14th February, 2019 and is applicable w.e.f 1st April, 2019.

(c) All existing policy(ies) issued by the Company on this subject, stands superseded by this Policy w.e.f 1st April, 2019.

3. DEFINITIONS

“ **Applicable Laws**” means the Companies Act, 2013 and the rules made thereunder, SEBI Listing Regulations and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

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

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the section 2(51) of the Companies Act, 2013 and Rules prescribed thereunder.

“Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or the transactions specified in Section 188 of the Act and which crosses the threshold as specified in the Act and Rules made thereunder or such other threshold as may be laid down from time to time by Applicable Laws.

Notwithstanding the above, 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 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Memorandum and Articles of Association of the Company.

“Related Party” means related party as defined in Regulation 2(1)(zb) of the Listing Regulations , which inter-alia provided that a “related party” means a related party as defined under sub-section (76) of Section 2 of the Act or under the applicable accounting standards.

Related party under section 2 (76) of the Companies Act, 2013 and Rules made thereunder are as follows:

"Related party" with reference to a company means —

- (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 or his relative 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 2 % (two per cent)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-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is—

(a) a holding, subsidiary or an associate company of such company;

(b) a subsidiary of a holding company to which it is also a subsidiary;

(c) an investing company or the venturer of the company;

For the purpose of clause © above , “ the investing company or the venturer of a company” means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.

(ix) a Director (other than an independent 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 Transaction” means any transactions/ contracts/ arrangements between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether or not a price is charged and includes:

- 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 the 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;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

A transaction with a Related Party shall be construed to include single transaction or group of transactions in a contract.

“Relative” means a relative as defined under Section 2(77) of the Act, and includes anyone who is related to another in any of the following manner –

- a. Members of a Hindu undivided family;
- b. Husband or wife;
- c. Father (including step-father);

- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son's wife;
- g. Daughter;
- h. Daughter's husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

“**Transactions on arms's length basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013; the Listing Regulations Agreement or any other applicable laws or regulations, for the time being in force.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

(i) All Directors/ KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested in the prescribed form

(ii) Each Director , Key Managerial Personnel and Senior Management Personnel is responsible for providing Notice to the Board or the Audit Committee of any potential Related Party Transaction involving him or her or his/her relative, with additional information about the transaction that the Board/ Audit Committee may require.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

(I) Audit Committee Approval

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with exempted wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the General Meeting for approval.

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,
- Such other conditions as the Audit Committee may deem fit.

d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 (One) crore per transaction;

e. The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;

f. Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1 (one) year.

(II) Board of Directors' approval

In the event the related party transaction as specified under Section 188 of the Act, is either not in the ordinary course of business or not at arm's length or both, then such related party transactions will need approval from the Board under the provisions of the Act and and the Rules framed thereunder .

(III) Shareholders' approval

The following types of Related Party Transactions shall require prior approval from shareholders and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

(a) Contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188 of the Companies Act, 2013, with criteria as mentioned below:

(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% (ten percent) or more of the turnover of the Company or Rs. 100 (one hundred) crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188 of the Act;

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% (ten percent) or more of net worth of the Company or Rs. 100 (one hundred) crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188 of the Act;

(iii) leasing of property any kind amounting to 10% (ten percent) or more of the net worth of Company or 10% (ten per cent) or more of turnover of the Company or Rs. 100 (one hundred) crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of Section 188 of the Act;

(iv) availing or rendering of any services, directly or through appointment of agent, amounting to 10% (ten percent) or more of the turnover of the Company or Rs. 50 (fifty) crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of Section 188 of the Act, 2;

The aforesaid limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) where the transaction or transactions to be entered into is for related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2.5 (two and a half) lakh as mentioned in clause (f) of sub-section (1) of Section 188 of the Act;

(c) where the transaction or transactions to be entered into is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% (one percent) of the net worth as mentioned in clause (g) of sub-section (1) of Section 188 of the Act,.

The turnover or net worth referred in the above clauses shall be computed on the basis of the audited financial statement of the preceding financial year.. In case of a wholly owned subsidiary, for the Related Party Transactions (RPTs) specified in Section 188 of the Act, the resolution passed by the holding company shall be sufficient for the purpose of entering into the RPTs between wholly owned subsidiary and the holding company. For the Related Party Transactions (RPTs) covered under SEBI Listing Regulations and Section 188 of the Companies Act, 2013, 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 are exempted from compliance requirements under the said clause.

Notwithstanding the foregoing, the following RPTs shall not require approval of Audit Committee or Board or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises 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.
- iii. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 2013.
- iv. Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
- v. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

The explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars, namely: -

- (a) name of the related party;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangement;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

6. APPROVAL FOR MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions other than those with wholly owned subsidiaries, will require approval of the shareholders by way of resolution irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length or both and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

7. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In exceptional cases, where a prior approval is not taken due to paucity of time or an inadvertent omission or due to unforeseen circumstances, the matter shall be reviewed by the Committee in its

next meeting. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the said Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

It shall be open to the Company to proceed against such Director or any such employee who had entered into such contract or arrangement for recovery of any loss sustained by it as a result of such contract or arrangement.

8.GUIDING PRINCIPLES FOR APPROVAL OF A RELATED PARTY TRANSACTION BY THE BOARD/ AUDIT COMMITTEE

To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required.

In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction are fair to the Company and on arm's length basis;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- Whether the Related Party Transaction would present an improper conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director, KMP or other Related Party's interest in the transaction

9.REGISTER AND DISCOSURE

- The Company shall keep and maintain a Register, maintained physically or electronically, as may be decided by the Board, as specified in Act and the Rules made thereunder giving separately the particulars of all contracts or arrangements to which this Policy applies.
- Details of all Material Related Party Transactions shall be disclosed to Stock Exchanges quarterly along with the Compliance Report on Corporate Governance.
- Pursuant to Section 134(3)(h) of the Act,the Company shall disclose the contract or arrangements entered into with the Related Party(ies) in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.
- The Company shall submit within 30 (thirty) days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- 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.

10.LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations /Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations /Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

11.AMENDMENT

The rights to interpret/amend/modify this Policy vests in the Audit Committee/Board of Directors of the Company. Further, this policy shall be reviewed by the Audit Committee/ Board of Directors at least once every 3 (three) years and updated accordingly. Any subsequent amendment/ modification in the Applicable laws shall automatically apply to this Policy.

Any matter not provided for in this Policy shall be handled in accordance with applicable laws.

Place : Kolkata

Date: February 14, 2019