

SIMPLEX INFRASTRUCTURES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(Effective from 1st October, 2014)

PREAMBLE

Clause 49 of the Listing Agreement between Listed Companies and the Stock Exchanges, inter-alia, provides for adoption of a policy by the Board of Directors of a Listed Company on Related Party Transactions, its materiality and on dealing with Related Party Transactions. In view of this requirement and the applicable provisions of the Companies Act, 2013, the Board of Simplex Infrastructures Limited has adopted the following policy and procedures in regard to related party transactions

OBJECTIVE AND SCOPE

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 Agreement as amended from time to time. The objective of the Policy is to ensure proper approval and reporting of the Related Party Transactions.

The Audit Committee shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above statutory provisions in this regard. The Board of Directors reserves the power to review and amend this Policy from time to time based on the recommendations of the Audit Committee.

EFFECTIVE DATE

This Policy will be applicable to the Company with effect from 1st October, 2014 to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

DEFINITIONS

“**Audit Committee**” means the Committee of the Board which fulfills the requirement of provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

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

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under 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 the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.

“**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 under Section 2(76) of the Companies Act, 2013 and applicable accounting standards read with Clause 49 of the Listing Agreement as amended from time to time.

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 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 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 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) 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 Transaction” means any transactions/ contracts/ arrangements between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether 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) the Companies Act, 2013 means 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 Agreement or any other applicable law or regulations.

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 and Key Managerial Personnel is responsible for providing Notice to the Board and 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.

APPROVAL OF RELATED PARTY TRANSACTIONS

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 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 one year and shall require fresh approvals after the expiry of one year.

In the event the related party transaction is either not in the ordinary course of business or is not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

The following types of Related Party Transactions require approval from shareholders and the concerned Related Party(ies) shall abstain from voting on such resolutions:

- Transactions not in the ordinary course of business.
- Transactions in the ordinary course of business if not done at an arm's length.
- Material Related Party Transactions as defined under clause 49 (VII) (C) of the Listing Agreement.
- All the transactions the value of which exceeds the limit as prescribed in Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.
- appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees.
- remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth.

The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.

In case of a wholly owned subsidiary, the shareholders resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

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.

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 special 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 the concerned Related Party(ies) shall abstain from voting on such resolutions.

RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In exceptional cases, where a prior approval is not taken due to 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.

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

REGISTER AND DISCLOSURE

- The Company shall keep and maintain a Register, maintained physically or electronically, as may be decided by the Board, as specified in the Companies Act, 2013 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.
- 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 disclose the Policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

LIMITATION

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

DISSEMINATION OF POLICY

In addition to the Directors and Key Managerial Personnel, this Policy will be communicated to all Head of Departments and the Senior Executives of the Company for overall awareness to facilitate statutory compliances.