



CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF SIMPLEX MILLS COMPANY LIMITED (THE CODE)

As revised and approved by the Board of Directors on 29th March, 2019

INTRODUCTION

This Code of Conduct for Directors and Senior Management Personnel of the Simplex Mills Company Limited (**the Code**) has been framed and adopted by Simplex Mills Company Limited (the Company) as per Regulation 17(5)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations) with a view to promote good corporate governance.

Ethical business conduct is critical to the business carried on by the Company. Keeping this in mind, the Board of Directors of the Company have adopted the Code and ethics which helps maintain the standards of business conduct for the Company.

The purpose of the Code is to enhance further an ethical and transparent process in managing the affairs of the Company and to deter wrong doing and encourage the business of the Company as per the corporate values of the Company. The matters covered in the Code are of utmost importance to the Company, our shareholders and business partners.

DEFINITIONS AND INTERPRETATION

- i. "Board / Board of Directors" shall mean the Board of Directors of the Company.
- ii. "Senior Management Personnel" shall mean officers/ personnel of the Company who are members of its core management team, excluding Board of Directors. The Senior Management Personnel shall include Chief Executive Officer, Group Chief Operating Officer, Chief Financial Officer, Chief People Officer, Chief Information Officer, Corporate Strategy and Investor Relations Head, Company Secretary, all departmental / functional / regional / unit heads and all other members of management one level below the executive director of the Company.
- iii. "Independent Director" means an independent director appointed by the Company in accordance with the provision of the Companies Act, 2013 and the rules thereunder.

- iv. "Relative" shall mean 'relative' as defined in Section 2(77) of the Companies Act, 2013 read with rules thereunder.

APPLICABILITY

This Code shall be applicable to the following persons:

- i. All members of the Board of Directors of the Company
- ii. Senior Management Personnel as defined in clause (ii) above of the Code; and
- iii. Such other employee of the Company as may be designated as members of the Senior Management for the purpose of this Code by the Board of Directors of the Company from time to time

PHILOSOPHY OF THE CODE

The Code envisages and expects that the Board Members and Senior Management Personnel must act within the authority conferred upon and in the best interest of the Company and its shareholders and observe the following. However, **Annexure- I** shall apply additionally to only Independent Directors on the Board of the Company:

A. Regulatory Compliance

- i. To comply with all applicable laws, rules, regulations and regulatory orders.
- ii. To acquire appropriate up-to-date knowledge of requirements of compliance under various applicable statutes.
- iii. To ensure proper legal compliance and management system is in place for reporting status of compliance under various laws.

B. Honest and Ethical Conduct

The honest and ethical conduct shall include the conduct conforming to accepted professional standards exhibiting fairness and transparency. The Directors/Senior Management Personnel shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. The dealings of management while managing the affairs of the Company shall be free from any misuse of the office or any resources of the Company.

C. Conflicts of the interest

The interest shall mean membership, directorship, professional relationship such as a consultant or otherwise, or any affiliation or association, with or in any other entity. It shall also include direct or indirect concern in any past, present or proposed contract, arrangements, or dealings with the Company or its subsidiaries or affiliates. The indirect interest shall include the interest of the relative, partner

or any affiliate of the Directors/Senior Management Personnel or his relative or affiliate holds a controlling stake, significant office or has a considerable influence over its affairs. The term 'relative' shall mean the persons mentioned under section 2 (77) of the Companies Act, 2013.

A conflict of interest is a situation in which interest of the Directors/Senior Management Personnel conflicts, with the interest of the Company or its subsidiaries or affiliates or customers. If in the course of the business, any interest of the Directors/Senior Management Personnel detrimentally conflicts with the smooth and profitable conduct of the affairs of the Company or its subsidiaries or affiliates, the Directors/Senior Management Personnel shall disclose such conflict to the Compliance Officer and to take all the necessary steps to resolve or avoid such conflict. No Directors/Senior Management Personnel shall make any profit or gain in the event of and as result of such conflict. The Directors/Senior Management Personnel shall make adequate and timely disclosure of all their interests to the Compliance Officer. If such transactions are material to the Company, they shall be placed before the Audit Committee for review. Any dealing with related party must be conducted on an arm's length basis and on commercial terms and no preferential treatment shall be given.

The Directors/Senior Management Personnel should attempt to plan their business and personal affairs so as to avoid conflicts to the greatest extent possible, and in those cases where a conflict cannot be avoided, they should fully disclose the circumstances of the conflict to the Compliance Officer and abstain from participation in any decision making by the Company in connection with any transaction giving rise to the conflict.

D. Financial Reporting and Reports

The Directors shall ensure that the Accounting and Financial records of the Company adhere to the prevailing and applicable accounting standards and generally accepted accounting practices and conventions that are prudent so as to give a true and fair view of affairs of the Company and of the profit of the Company. The Directors shall ensure that there exist adequate internal controls, accounting and audit procedures for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. No Directors /Senior Management Personnel shall make or shall cause to be made any willful representation in any Accounting and Financial records of the Company.

E. Gifts and Donations

No Directors/ Senior Management Personnel under any circumstances shall receive any payments, remuneration, gifts, donations or any benefits or gains which are intended to pass on undue benefits to an outsider and which would have negative impact on the Company's business. Similarly the Directors/Senior Management Personnel shall not make or offer to make or abet any payments, remuneration, gifted and donations or pass on any benefits, gains to any person, which would have the effect of unethical conduct of business.

F. Regulatory Compliance

The Directors/Senior Management Personnel shall ensure compliance with all the applicable laws, rules and regulations. The Directors/ Senior Management Personnel shall ensure that the Company is not in violation of any such laws, rules and regulations and does not incur any financial or other liabilities on account of such violation. In the event of any non-compliance of any such laws, rules and regulations by the Company is observed by any Directors/ Senior Management Personnel, such Directors/Senior Management Personnel shall immediately bring it to the notice of the Compliance officer and initiate appropriate remedial measures.

G. Confidentiality

Any material information bearing significance to the interest of the Company or any subsidiaries or affiliates of the Company in the possession of the Director/Senior Management Personnel shall be kept as confidential. The Director/Senior Management Personnel shall protect and take all the measures and observe prudence to safeguard the confidentiality of the information at all times till the same becomes a part of public knowledge documents.

H. Corporate Opportunity

Except as may be approved by the Board of Directors/Committee thereof, the Directors/Senior Management Personnel are prohibited from

- i. Not to exploit for their own personal gain, opportunities that are discovered through the use of the Company's property (including intellectual property), information or position.
- ii. Not to divert to his /her own advantage any business opportunity that the Company is pursuing

I. Insider Trading

The Directors/Senior Management Personnel shall adhere to the provisions of Code of Conduct for prevention of insider trading. None of the Directors/Senior Management Personnel shall participate in any trading or assist or abet the trading of any stock, shares, scripts or securities in violations of the SEBI (Insider Trading) Regulations 2015 as amended or such other rules and regulations from time to time.

J. Total Commitment

The Directors and Employees in Senior Management Personnel shall devote their full time and attention to the business interests of the Company. They are prohibited from accepting any assignment, contract or any commercial or activities outside the purview of their employments ethic which interfere with the performance of their duties, while in employment with the Company. They shall not take up any activity that jeopardizes the interests of the Company in any manner.

K. Fair Dealing

The Director/Senior Management Personnel shall endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

L. Contributions to the growth and value addition

The Directors/Senior Management Personnel shall endeavor to enhance the value to the business of the Company and contribute positively to the growth of the Company. They shall contribute to the best of their professional abilities.

M. Enforcement of Code of Conduct

Each Board Member and Senior Management Personnel shall be accountable for fully complying with the Code and non-compliance of the provisions of this Code shall be reported to:-

The Company Secretary
Simplex Mills Company Limited
30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk,
Mahalaxmi (East), Mumbai- 400 011
Email:company-secretary@simplex-group.com

The Company Secretary shall report breach of the Code, if any, which comes to his / her notice to the Board. The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or suspected violation of law, of the Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation. Any failure of a Director / Senior Management Personnel to comply with the Code will result in referring his/ her actions / omissions to the Board of Directors. The Board will consider the reference and take such remedial action as deemed fit by it including removal of the person in question from the Board / Office.

N. Amendments, Modification and Waivers

This code may be amended, modified or waived by the Board, subject to appropriate applicable provisions of laws, rules, regulations and guidelines. The Board will not grant waivers to the code. However, in extraordinary situations and for reasons to be recorded in writing, the Board may grant exemption from any one/more of the provision of this code.

O. Placement of the Code on website

This Code and any amendment thereto shall be posted on the website of the company.

COMPLIANCE OF THE CODE

Every Director and Senior Management Personnel shall monitor his/ her personal with the code. All Board members and Senior Management Personnel shall within seven days of close of every financial year, affirm compliance with the Code in the format attached as **Annexure-II**. The said affirm compliance Code shall be forwarded to the Company Secretary of the Company.

NO RIGHTS CREATED

This Code is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and Senior Management Personnel of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

SCHEDULE IV OF THE COMPANIES ACT, 2013

[See section 149(8) of the Companies Act, 2013]

CODE FOR INDEPENDENT DIRECTORS

In addition to the above, the Company expects that the Independent Directors of the Company shall abide by the guidelines, roles, functions, duties and other relevant provisions as applicable to the Independent Director under the code for Independent Directors specified in schedule IV of the Companies Act, 2013, as may be amended from time to time. This code for Independent Director shall serve as a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of Independent Directors.

I. Guidelines of professional conduct:

An independent director shall:

- 1) Uphold ethical standards of integrity and probity;
- 2) Act objectively and constructively while exercising his duties;
- 3) Exercise his responsibilities in a bona fide manner in the interest of the company;
- 4) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) 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;
- 6) 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;
- 7) Refrain from any action that would lead to loss of his independence;
- 8) Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) Assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- 1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) Bring an objective view in the evaluation of the performance of board and management;
- 3) Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) Safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) Balance the conflicting interest of the stakeholders;
- 7) Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management personnel and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management personnel;
- 8) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

- 1) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) Strive to attend the general meetings of the company;
- 6) Strive to attend meetings of the Independent Directors whenever held;
- 7) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that

they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

- 8) Keep themselves well informed about the company and the external environment in which it operates;
- 9) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 10) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 11) 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;
- 12) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 13) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 14) Not to 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.

AFFIRMING COMPLIANCE OF CODE OF CONDUCT

The Board of Directors
Simplex Mills Company Limited
30 Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai-400011

Declaration affirming compliance of Code of Conduct for the Directors and Senior Management Personnel pursuant to Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, **[Name of Director with DIN / Senior Management Personnel]*, son of _____, resident of *[Address]*, being a **Director / Senior Management Personnel* of Simplex Mills Company Limited, affirm to the best of my knowledge and belief, declare that, I shall comply with the "Code of Conduct for the Directors and Senior Management Personnel" from the date of this declaration. Further, I agree to adhere to the standards described in this Code and comply with the Code at all times.

Place: Mumbai

Signature:

Date: 1st April, 2019

Name of **Director / Senior Management Personnel*:

** Please strike off whichever is not applicable*