



POLICY ON RELATED PARTY TRANSACTIONS

PREAMBLE

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflict of interest of the Directors, Key Managerial Personnel, Senior Management and etc. with the interest of the Company.

The Board of Directors (the Board) of Simplex Realty Limited (the Company) has adopted the following policy with regard to Related Party Transactions (Related Party Transaction (RPT) Policy), in line with the requirements of Section 188 of Companies Act, 2013 read with Rules made thereunder (the Act) and Revised Clause 49 (RC 49) of the Listing Agreement on Corporate Governance and subsequent amendments thereto.

PURPOSE

The Securities and Exchange Board of India (SEBI) vide its circular dated 17th April, 2014 has amended the Clause 49 of the Listing Agreement. The RC 49 requires all listed companies to formulate a policy on materiality Related Party Transactions and also on dealing with Related Party Transaction. The objective of this policy is ensure proper approval, disclosure and reporting of transactions, as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of Related Party Transactions in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

APPLICABILITY AND GOVERNING LAW

The RPT Policy will be applicable to the Company with respect to all Related Party Transactions covered within the scope of Section 188 of the Act and / or Revised Clause 49 of the Listing agreement.

This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Clause 49 of the Listing Agreement or such other Rules/Regulations, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

DEFINITIONS

In this policy unless the context otherwise requires:

"Act" shall mean the Companies Act, 2013 and the Rules and Regulations made notified thereunder.

"Audit Committee" means Committee of Board of Directors of the Company constituted under provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

"Board of Directors" or **"Board"** in relation to the Company means the collective body of the directors of the Company.

"Company" means Simplex Realty Limited

"Arms' Length Transactions" shall mean:

- the transaction carried on between the Company and the Related Party on similar terms and conditions as of a 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.

"Key Managerial Personnel" in relation to a Company means

- i. the Chief Executive Officer, or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-time director;
- iv. Chief Financial Officer; and
- v. such other officer as may be prescribed under the Act.

"Material Related Party Transaction" is a transaction with a Related Party which shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year **exceeds ten percent of the annual consolidated turnover** of the Company as per the last audited financial statements of the Company.

"Policy" means Related Party Transaction Policy of the Company

"Related Party" or "Related Parties" shall mean and include the following

- the persons/ entities defined in Section 2(76) of the Act ; and
- A person or entity related to the Company as in Clause 49 (VIIB) of the Listing Agreement, as amended from time to time

“Related Party Transaction (s) ” shall mean

- for the purpose of the Act, specified transaction mentioned in clauses (a) to (g) of sub-section 1 of Section 188;
- for the purpose of RC 49, any transaction involving any Related Party which is a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged.

“Relative” with reference to any person shall have the meaning as defined in Section 2(77) of the Companies Act, 2013 read with clause 4 of the Companies (Specification of definition details) Rules, 2014.

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

POLICY AND PROCEDURE ON RELATED PARTY TRANSACTIONS

POLICY

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

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 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.

The Board shall record the disclosure of Interest.

B. Identification of potential Related Parties and Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her

or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

The Company shall at all times maintain a database of the Company's Related Parties containing the names of individuals, companies and entities, identified on the basis of the definition set forth in the Key Definition section above, along with their personal/company details including any revisions therein.

C. Review and approval of Related Party Transactions

i. Audit Committee

All Related Party Transactions of the Company as prescribed under the Act and RC 49 shall require prior approval of the Audit Committee, whether at a meeting or by Resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions set forth in Clause 49 of the Listing Agreement which are summarised as follows:

- The Audit Committee shall lay down the criteria for granting the 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.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;
- Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the Company.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction when such transaction is presented for discussion and approval.

The Audit Committee shall consider the following factors while determining, whether to approve a Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors / KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vi. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

The Audit Committee shall decide whether a particular transaction requires approval of the Board of Directors and / or Shareholders in view of the provisions of section 188 of the Act, or the provisions contained in RC 49 or for any other reasons.

ii. Board of Directors

Transactions with the related parties (as defined under Companies Act 2013) within the scope of Section 188 of the Act, which are neither in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors.

In the above context, any member of the Board who has any interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

In determining whether to approve a Related Party Transaction, the Board shall consider the same factors as the Audit Committee is required to be considered in above para.

iii. Shareholders' approval requirements:

Shareholder's approval shall be sought in the following cases as per the requirements of the Act:

Transactions with the related parties (as defined under Companies Act 2013) covered within the scope of Section 188 of the Act, which are neither in the 'Ordinary Course of Business' or are not on an 'arm's Length Basis' and exceeds the threshold under Section 188 of the Act and the rules made thereunder, shall require prior approval of the shareholders through special resolution.

No member of the Company shall vote in a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

Shareholder's approval shall be sought in the following cases as per the requirements of RC 49:

All Material Related Party Transactions covered within the scope of RC 49 shall require approval of the shareholders through special resolution. For this purpose, all entities falling under the definition of related parties (as defined under RC 49) shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

However, the above shall not be applicable to transactions between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

iii. Transactions which do not require approval

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

- 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.
- 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

iv. Related party transactions not approved under this Policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit 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 Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action and remedial measures as it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been undertaken without approval, the Audit Committee may direct additional actions as it deems appropriate including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered etc. In connection with any review/approval of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

DISCLOSURE

This policy shall also be uploaded on the website of the Company at www.simplex-group.com and a web link thereto shall be provided in the Annual Report of the Company and Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

MISCELLANEOUS

This Policy shall be deemed to have come into force with effect from date of its adoption.

The provisions of the Act, and RC 49 (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.
