



RELATED PARTY TRANSACTIONS POLICY

VERSION	DATE	CHANGES AND REASONS FOR CHANGE
1.0	12 th November, 2014	Release date
2.0	4 th February, 2020	<ul style="list-style-type: none">• Changes based on the SEBI LODR 2015 and Companies (Meetings of Board and its Powers) Second Amendment Rules, 2015• Changes based on Companies (Amendment) Act, 2017• Changes based on the SEBI LODR 2015 (Amendment) Regulations, 2018 and Companies (Meetings of Board and its Powers) Second Amendment Rules, 2019
3.0	29 th March, 2022	Sixth Amendment to the SEBI LODR Regulations dated 9 th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22 nd November, 2021

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RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

This Policy on Related Party Transactions ("the Policy") of Simplex Mills Company 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 50% of the equity share capital, 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.

C. Review and approval of Related Party Transaction

i. Audit Committee

- The Company shall not enter into any contract or arrangement with a Related Party without prior approval of the Audit Committee. Further, all subsequent material modifications, other than those with exempted Wholly Owned Subsidiaries, if any (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) will also require prior approval of the Audit Committee.

Provided that only those members of the audit committee, who are Independent Directors, shall approve related party transactions.

- A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company, or such limit as prescribed under the Listing Regulations.

Provided that with effect from 1st April, 2023, a related party transaction to which the Subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary, or such limit as prescribed under the Listing Regulations.

- Prior approval of the Audit Committee of the Company shall *not* be required for a related party transaction to which the Listed Subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of Listing Regulations are applicable to such Listed Subsidiary.

Explanation: For related party transactions of Unlisted Subsidiaries of a Listed Subsidiary as referred above, the prior approval of the Audit Committee of the Listed Subsidiary shall suffice.

- The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following disclosures:

- 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.
- The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.
 - The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

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

- In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

ii. Approval of the Board and the Shareholders –

- All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such transaction.
- Further, all related party transactions (which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed in the Act as per Annexure-1 shall also require approval of shareholders of the Company by way of Ordinary Resolution and (all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is party to the particular transactions or not.

- All material related party transactions and subsequent material modifications, as defined aforesaid, other than those with exempted Wholly Owned Subsidiaries of the Company, if any, shall require prior approval of the shareholders of the Company through ordinary resolution and no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.
- Prior approval of shareholders of the Company shall *not* be required for a related party transaction to which the Listed Subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such Listed Subsidiary.

Explanation: For related party transactions of Unlisted Subsidiaries of a Listed Subsidiary as referred above, the prior approval of the shareholders of the Listed Subsidiary shall suffice.

- In case the Related Party Transactions are not falling under above category but require approval of the shareholders under the Companies Act, 2013, the approval of the shareholders will be required before entering into such transactions or in case the transaction was entered without taking prior approval, the approval of the shareholders shall be obtained within 3 months of entering into the transactions.

4. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

The requirement of approval of Audit Committee, prior approval of shareholders and omnibus approval shall not be applicable in following cases:

- Transactions entered into between a Holding Company and its Wholly Owned Subsidiary, if any, whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval;
- transactions entered into between two Wholly-owned Subsidiaries of the Listed Holding Company, whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval; and
- Any transactions exempted under the Companies Act, 2013 or the Listing Regulations from time to time.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If a Related Party Transaction is entered into by the Committee without being approved under this policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

6. DISCLOSURES

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Details of all material transactions with related parties shall be disclosed quarterly alongwith the compliance report on corporate governance.
- The company shall disclose the policy on dealing with Related Party Transactions on its website i.e. www.simplex-group.com and the web link of the same shall be mentioned in the Annual Report.
- The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified by the SEBI from time to time, every six months within fifteen days from the date of publication of its standalone and consolidated financial results, and publish the same on its website.

7. DISCLAIMER

This Policy has been framed in accordance with the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI (LODR) Sixth Amendment Regulations, 2021. This may not cover transactions which are required to be dealt as per Accounting Standard -18. Further as per the provisions of Regulation 15 of SEBI (LODR), Regulations, 2015, provisions of Regulation 23 of the said Regulations are currently not applicable to the Company, as the Company does not exceeds the threshold limit specified under the Regulation 15.

As and when the provisions of said Regulations becomes applicable, the Company will ensure the Compliance with the same.

8. POLICY REVIEW

The policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

9. AMENDMENT

If the term of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this policy until this policy is changed to conform to the law, rule, regulation or standard.

Reviewed and approved by the Board of Directors through Circular Resolution passed on 29th March, 2022

Annexure-1

Transactions that require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/arrangements as follows:

As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below:

- Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188;
- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of networth of the Company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- Leasing of property any kind amounting to ten percent or more of the turnover of the Company, as mentioned in clause (c) of sub-section 188;
- Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.