

SUNRISE INDUSTRIAL TRADERS LIMITED

RELATED PARTY TRANSACTIONS POLICY

The Board of Directors (the “Board”) of **SUNRISE INDUSTRIAL TRADERS LIMITED** (the “Company” or “SITL”), acting upon the recommendation of its Directors and Audit Committee (the “Committee”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Committee will review and may amend this policy from time to time.

Purpose

This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its directors, nominees for director, Executive Officers, Key Managerial Personnel or Significant Stockholders or certain entities or persons related to them. Such transactions are appropriate only if they are in the best interest of the Company and our stockholders. The Company is required to disclose each year in annual proxy statement certain transactions between the Company and Related Parties as well as our policies concerning transactions with Related Parties. In addition, the Committee and the Board review any Related Party Transactions (RTP) involving non-employee directors as part of the annual determination of their independence.

Definitions

1. "Executive Officer" means any person who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, as designated by the Board.

2. "Key Managerial Personnel" means any person who is subject to the provisions of Section 2(51) of the Companies Act, 2013 and Rules made there under.

2. "Immediate Family Member" means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a director, nominee for director, Executive Officer or Significant Stockholder, and any person (other than a tenant or employee) sharing the household of such director, nominee for director, Executive Officer or Significant Stockholder.

4. "Related Party" as per Section 2(76) of the Companies Act, 2013 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;
a private company in which a director or manager or his relative is a member or director;
- (iv) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) anybody 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) such other person as may be prescribed under the Companies Act, 2013 and rules made there under and modified from time to time;

“Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party

5. “relative” as per section 2(77) of the Companies Act, 2013 with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed.

6. “Related Party Transaction (RTP)” means –

1) Contract or arrangement with a related party as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 means:

A company shall enter into any contract or arrangement with a related party subject to the following conditions, namely: -

(1) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and particulars of the contract or arrangement;
- (c) the material terms of the contract or arrangement including the value, if any;
- (d) any advance paid or received for the contract or arrangement, if any;
- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction.

(2) Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement-

(3) For the purposes of first proviso to sub-section (1) of section 188, except with the prior approval of the company by a ²[resolution], a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,-

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

(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, ³[amounting to ten percent or more] of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, ³[amounting to ten percent or more] of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property any kind ⁴[amounting to ten percent or more] of the net worth of company or ³[ten per cent or more of turnover] of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

(iv) availing or rendering of any services, directly or through appointment of agent, ³[amounting to ten percent or more] of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation. - It is hereby clarified that the 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) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent. Of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation. - (1) The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

(2) In case of wholly owned subsidiary, the ²[resolution] is passed by the holding company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.

(3) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 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 arrangements;

(e) any other information relevant or important for the members to take a decision on the proposed resolution.]

2) Register of contracts or arrangements in which directors are interested as per Rule 16 of the Companies (Meetings of Board and its Powers) Rules, 2014 means –

(1) Every company shall maintain one or more registers in Form MBP 4, and shall enter therein the particulars of-

(a) company or companies or bodies corporate, firms or other association of individuals, in which any director has any concern or interest, as mentioned under sub-section (1) of section 184:

Provided that the particulars of the company or companies or bodies corporate in which a director himself together with any other director holds two percent. or less of the paid-up share capital would not be required to be entered in the register;

(b) contracts or arrangements with a body corporate or firm or other entity as mentioned under sub-section (2) of section 184, in which any director is, directly or indirectly, concerned or interested; and

(c) contracts or arrangements with a related party with respect to transactions to which section 188 applies.

(2) The entries in the register shall be made at once, whenever there is a cause to make entry, in chronological order and shall be authenticated by the company secretary of the company or by any other person authorised by the Board for the purpose.

(3) The register shall be kept at the registered office of the company and the register shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorised by the Board for the purpose.

(4) The company shall provide extracts from such register to a member of the company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the company but not exceeding ten rupees per page.

Any transaction directly or indirectly involving any Related Party that would be required to be disclosed under the Companies Act, 2013 as amended. Currently the requirement is to disclose any transactions occurring since the beginning of the current financial year i.e. FY 2014-15 or proposed transactions, if any, in which any Related Party has or proposes to have any direct or indirect interest; and

Any material amendment or modification to an existing Related Party Transactions regardless of whether such transactions have previously been approved in accordance with this policy.

“Significant Stockholder” means an entity or person known by the Company to be the beneficial owner of more than 5 percent of any class of the Company's voting securities.

Notwithstanding the foregoing, the following shall not be deemed to be Related Party Transactions:

Any transaction that involves the providing of compensation to a director or Executive Officer in connection with his or her duties to SITL or any of its subsidiaries or affiliates, 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.

Policy

All Related Party Transactions must be reported to the Key Managerial Personnel and referred for approval or ratification by the Committee or by the Key Managerial Personnel in accordance with this policy.

Identification of Potential Related Party Transactions

Each director, nominee for director and Executive Officer is responsible for providing written notice to the Key Managerial Personnel of any potential Related Party Transaction involving him or her or his or her Immediate Family Member, including any additional information about the transaction that the Key Managerial Personnel may reasonably request. The Key Managerial Personnel in consultation with other members of management and with outside counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

In addition, each director, nominee for director and Executive Officer is required to complete a questionnaire in connection with the annual proxy statement that asks about their Immediate Family Members and any current, past and proposed Related Party Transactions.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Key Managerial Personnel has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority. However, ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances,

Review and Approval of Related Party Transactions

Related Party Transactions involving a Significant Stockholder, director, nominee for director, the Chief Executive Officer or the Key Managerial Personnel and/or their Immediate Family Members will be referred to the Committee for review and approval or ratification. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain himself or herself from voting on the approval or ratification of the Related Party Transaction, but may participate in all or a portion of the Committee's discussions of the Related Party Transaction, if requested by the Chair of the Committee.

Related Party Transactions involving Executive Officers other than the Chief Executive Officer or the Key Managerial Personnel and/or their Immediate Family Members will be referred to the Key Managerial Personnel for review and approval or ratification. All determinations by the Key Managerial Personnel under this policy will be reported to the Committee at its next regularly scheduled meeting.

To review a Related Party Transaction, the Committee or the Key Managerial Personnel will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve or ratify a Related Party Transaction, the Committee or the Key Managerial Personnel will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;

Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;

Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company; and

Whether the Related Party Transaction would present an improper conflict of interest for any director, nominee for director or Executive Officer of the Company, taking into account the size of the transaction, the overall financial position of the director, nominee for director, Executive Officer or other Related Party, the direct or indirect nature of the director's, nominee's, Executive Officer's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

In any case where either the Committee or the Key Managerial Personnel determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or the Key Managerial Personnel, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

If the Committee or its Chair determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

The Policy was adopted by the Board of Directors at their Meeting held on 29th May, 2014. Accordingly, the Board of Directors (the Board) has adopted revised policy at the Board Meeting held on 14th February, 2019 which will be effective from 14th February, 2019.