

SUPREME INFRASTRUCTURE INDIA LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTION

(Effective from 01 October 2014)

1. PREAMBLE:

Supreme Infrastructure India Limited has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions. An endeavour is consistently made to have only arms' length transactions with Related Parties.

Clause 49 of the Listing Agreement as amended recently now requires a listed company to formulate a Policy on materiality of Related Party Transactions and also on dealing with such Related Party Transactions. Accordingly, taking into account the provisions of Companies Act, 2013 and Rules made there-under & Clause 49 of the Listing Agreement and in the back-drop of the Company's philosophy on such matters, the Board of Directors (the "Board") of Supreme Infrastructure India Limited (the "Company"), has adopted the following policy and procedures with regard to dealing with the Related Party Transactions as defined below. The Audit Committee, with the approval of Board, will review and may amend this policy from time to time.

2. PURPOSE:

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. DEFINITIONS:

"Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

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“Board” means Board of Directors of the Company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Independent Director” shall have the same meaning as provided under Clause 49 of the Listing Agreement.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“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 five (5) percent of the annual turnover or ten (10) percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher; or

Appointment of a related party to any office or place of profit in the Company, its subsidiary or associate company at a monthly remuneration exceeding two and half lakh rupees; or

Remuneration to related party for underwriting the subscription of any securities or derivatives thereof of the company exceeding one (1) percent of the net worth of the company.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A ‘related party’ is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

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- I. A person or a close member of that person's family is related to a company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
 - (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 (2) percent 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 under 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) Director or key managerial personnel of the holding company or his relative with reference to a company; or
 - b. has control or joint control or significant influence over the company; or
 - c. is a key management personnel of the company or of a parent of the company; or
- II. An entity is related to a company if any of the following conditions applies:
 - i. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - ii. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - iii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - iv. Both entities are joint ventures of the same third party; or
 - v. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - vi. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or

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- vii. The entity is controlled or jointly controlled by a person identified in (1).
- viii. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity)

“Related Party Transaction” means is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes any one 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 as:
 - a. Father (including step-father)
 - b. Mother (including step-mother)
 - c. Son (including step-son)
 - d. Son’s wife
 - e. Daughter
 - f. Daughter’s husband
 - g. Brother (including step-brother)
 - h. Sister (including step-sister)

4. POLICY:

4.1 Identification of Potential Related Party 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/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

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

- 4.2** All Related Party Transactions (RPTs) of the Company as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement will be approved by the audit committee of the Board from time to time.

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- 4.3** Consent of the Board and the Shareholders would also be taken in respect of all RPTs, provided that such consent would not be required in the following cases:
- a. The transactions are entered into by the company in its ordinary course of business and are on an arms' length basis; and
 - b. The transaction / transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed 5% of the annual turnover or 20% of the net worth of the company (i.e. Supreme Infrastructure India Limited), as per the last audited financial statements of the company, whichever is higher.
- 4.4** Where Board consent / shareholders' approval is required as per para 4.3 above, a) the agenda of the Board meeting at which the resolution is proposed to be moved; and b) explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.
- 4.5** Where RPTs require approval of the Board and the shareholders through special resolution as per para 4.3 above, (a) any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement and b) such Related Party(ies) shall abstain from voting on such resolutions of the shareholders.
- 4.6** Where RPTs require approval of the shareholders as per para 4.3 above, pursuant to Rule 15(2) of the said Rules, in case of wholly owned subsidiaries, special resolution passed by the holding company shall be sufficient for the purpose of entering into transactions between wholly owned subsidiary and holding company.
- 4.7** 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.

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5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

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

6. DISCLOSURES:

The Company shall disclose the policy on its website and also in the Annual Report and shall be communicated to all operational employees and other concerned persons of the Company.

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