

EQUILATERAL ENTERPRISES LIMITED

(Formerly Known as: Surya Industrial Corporation Limited)

CIN: L36912UP1988PLC010285

Redg. Office: B-9, Industrial Estate, Partapur, Meerut- 250 103 (Uttar Pradesh)

Corp. Office: 801, Shubh Square Lal Darwaja Gotalawadi Main Rod, Next to New Flyover, Surat
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Ph: 0261-3546252, 9898641575, E-mail: sicl1388@gmail.com Web: www.equilateral.in

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS EQUILATERAL ENTERPRISES LIMITED

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1. PREAMBLE

The Board of Directors (the "Board") of EQUILATERAL ENTERPRISES LIMITED ("Company"), has adopted the Policy on the Materiality of Related Party Transactions and on Dealing with Related Party Transactions ("the policy" or "this Policy") pursuant to the provisions of Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and in terms of Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder ("the Companies Act"), including any modification(s) / amendment(s) / re-enactment(s) thereof. The Policy shall be reviewed by the Board of Directors at least once every three years and may amend this policy from time to time.

2. PURPOSE

To regulate transactions between the Company and its Related Parties and to ensure the proper approval and reporting of such transactions.

3. DEFINITION

"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 the Audit Committee of the Board of Directors of the Company constituted under provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Board" means the Board of Directors of the Company.

"Key Managerial Personnel" mean key managerial personnel as defined in section 2(51) of the Companies Act, 2013 and includes:

- i Managing Director, Chief Executive Officer and a Whole-time Director;
- ii Chief Financial Officer; and
- iii Company Secretary.
- iv Such other officer as may be prescribed under the Companies Act, 2013.

"Material Related Party Transaction" means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. Notwithstanding the above, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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"Material Modification" means any variation having an impact exceeding 20% on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be.

"Ordinary Course of Business" - means a transaction which is carried out in the normal course of business in line with object clauses of the Memorandum of Association or a past practice with or without a pattern of frequency or a common commercial practice or as per any other parameters / criteria as decided by the Board or Audit Committee.

"Policy" means Policy on Materiality of Related Party Transaction.

"Related Party" means related party as defined as defined under sub-section (76) of section 2 of the Companies Act, 2013 and clause (zb) of sub-regulation (1) of Regulation 2 of the Listing Regulations. or under the applicable accounting standards.

"Related Party Transaction" means transaction as defined in clause (zc) of sub-regulation (1) of Regulation 2 of the Listing Regulations.

"Relative" as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

A. All Related Party Transactions and subsequent Material Modifications shall be subject to prior approval of the Audit Committee of the Company.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a) 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;
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify:
 - the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - the indicative base price/ current contracted price and the formula for variation in the price, if any and
 - such other conditions as the Audit Committee may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value

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not exceeding rupees one crore per transaction.

- d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:
- B. The members of the audit committee, who are independent directors, may ratify party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions
- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
 - rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
 - any other condition as specified by the audit committee:

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

- C. All material related party transactions and any subsequent material modification as defined earlier shall require prior approval of the shareholders. However, prior approval of the shareholders of the Company shall not be required for such cases as may be prescribed under SEBI LODR as amended or as notified by any regulatory authority.

D. DETERMINATION OF MATERIALITY OF RELATED PARTY TRANSACTIONS:

Material Related Party Transactions shall be determined by applying the following criteria

Category of Transactions	Materiality Thresholds Limit under the Companies Act, 2013 (for transactions not in ordinary course of business and not on an arm's length basis)	Materiality Thresholds Limits under the Listing Regulations

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Sale, purchase or supply of any goods or materials	10% or more of turnover	Transaction, individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
Selling or otherwise disposing of, or buying, property of any kind	10% or more of net worth	
Leasing of property of any kind	10% or more of turnover	
Availing or rendering of any services	10% or more of turnover	
Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs.2.5 Lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	
Payments to a Related Party with respect to brand usage or royalty		Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual
Any other transaction with a Related Party		Transaction, individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Explanation:

1. The turnover or net worth referred in the above shall be computed on the basis of the audited financial statement of the preceding financial year.
 2. The threshold limits under the Companies Act, 2013 mentioned above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- E. Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

4.1. Identification of Potential Related Party Transactions

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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 or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. Name of the related party and nature of the related party relationship where control exists should be disclosed irrespective of whether or not there have been transactions between the related parties. 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. Review and Approval of Related Party Transactions

All the transactions which are identified as Related Party Transactions should be pre- approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors as mentioned below while deliberating the Related Party Transactions for its approval. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself / herself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.

To review a Related Party Transaction, the Committee 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 a Related Party Transaction, the Committee 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 and on arm's length basis to the Company and would apply on the same basis as 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 Transactions and the nature of alternative transactions;
- ✓ Whether the Related Party Transaction would affect the independence of an independent Director;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ 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 is allowed or the same would be detrimental to the Company; and
- ✓ 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.

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the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant.

5. APPROVAL OF THE BOARD OF DIRECTORS

The Audit Committee shall report all Related Party Transactions & subsequent Material Modifications to the Board.

Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who Policy on Related Party Transactions has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

6. SHAREHOLDERS' APPROVAL

All the transactions with related parties exceeding the materiality thresholds limit, laid down in Materiality Threshold Limit above shall be placed before the shareholders for prior approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

All kinds of transactions specified under section 188 of the Act which are not Arm's Length or not ordinary course of business and exceeds the thresholds limit laid down in materiality threshold above shall be placed before the shareholders' for prior approval.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into 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.

7. REPORTING OF RELATED PARTY TRANSACTIONS

Every contract or arrangement, which is required to be approved by the Board or the Shareholders under this Policy, shall be referred to in the Board's report to the Shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose the transactions with Related Party to the Stock Exchanges on half yearly basis in prescribed format to the Stock Exchanges as prescribed under Reg. 23 (9) of the SEBI (LODR) Regulations, 2015 and the same shall be hosted on the website of the Company.

8. DISCLOSURE OF THE POLICY

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This Policy shall be disclosed on its website and a web link thereto shall be provided in the Annual Report.

9. REVIEW OF THE POLICY

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy.

The Board may also, based on the recommendations from the Audit Committee, make any amendments to the Policy from time to time. The Policy shall be reviewed by the Board at least once in every 3 (three) years and updated as may be required.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. A note in relation to such changes shall be placed in subsequent meeting of the Board and the Audit Committee.

This Policy was reviewed and approved by the Board of Directors at its Meeting held on February 06, 2025.