

STEL Holdings Limited

Policy on Related Party Transactions

1. Objective:

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made there under ("the Act"), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended or re-enacted from time to time ("Listing Regulations") and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

2. Definition :

2.1. Arms' Length Transactions:

Arms' Length Transaction shall mean:

- (a) a transaction between the Company and the Related Party that is conducted as if they were unrelated, so that there is no conflict of interest and
- (b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed *inter-alia* under Transfer Pricing Guidelines prescribed under the Income- tax Act, 1961.

2.2. Ordinary Course of Business:

Ordinary Course of Business shall mean the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

2.3. Promoter and Promoter Group shall have the same meaning as assigned to them respectively in clauses 13[(oo)] and 14[(pp)] of sub-regulation (1) of regulation 2 of the 15[Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

2.3. Related Party

Related Party shall mean:

- (i) a Related Party as defined under Section 2(76) of the Act;
- (ii) a Related Party as defined under the applicable Indian Accounting Standards;
- (iii) any person or entity forming a part of the promoter or promoter group of the Company;
- (iv) any person or entity, holding equity shares of 20% (10% effective from April 1, 2023) or more in the Company, either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

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2.4. Related Party Transaction(s):

Related Party Transaction” shall mean a transaction involving transfer of resources, services or obligations between:

- a) The Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
- b) The Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Company or any of its subsidiaries, effective April 1, 2023:

regardless of whether a price is charged and include:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- vii. underwriting the subscription of any securities or derivatives thereof, of the Company

Provided that the following shall not be a Related Party Transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities

For the purpose of the above, a Related Party Transaction shall include a single transaction or a group of transactions in a contract, with a Related Party.

3. Material Related Party Transaction:

Material Related Party Transaction” shall mean a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the threshold of:

- 5% of the annual consolidated turnover of the Company as per its last audited financial statements, in case of transactions involving payments made with respect to brand usage or royalty, or

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- Rs. 1000 Crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower, in case of any other transaction(s)

4. Material modifications to Related Party Transactions shall mean modification to the related party transaction which individually or taken together with previous modifications pertaining to the same transaction, exceeds the limit as may be determined by Audit Committee or change in such other terms and conditions viz. Nature / Tenure of Transaction etc which may substantially change the nature of transaction, in the opinion of the Audit Committee.

5. Identification of Related Parties:

The Company may seek requisite disclosures or information, from the concerned person(s)/entities, as may be deemed necessary, to identify a Related Party.

6. Review and Approval of Related Party Transactions

6.1 Approval by the Audit Committee:

6.1.1. The Company shall not enter into any Transactions with any Related Party and material modifications to such transactions without prior approval of the Audit Committee of the Company, by way of a meeting / circular resolution. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

However, the Audit Committee may grant omnibus approval for Related Party Transactions, which are repetitive in nature, proposed to be entered into by the Company which shall be valid for a financial year/part thereof and fresh approval shall be obtained from the Audit Committee every financial year.

Further, Where the need for Related Party Transaction cannot be foreseen and required details are not available, the Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs. 1.00 crore per transaction.

6.1.2. The Audit Committee shall consider the information/documents pertaining to the Related Party Transactions placed before it and either approve or reject the same on merit.

6.1.3. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

In addition to the above, prior approval of Audit Committee of the Company shall be required for

6.1.4. a related party transaction where the subsidiary(ies) of a Company is a party and 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 (w.e.f April 1, 2023, 10% of the annual standalone turnover, as per the last audited financial statements of the Subsidiary).

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6.2. Approval of the Board:

6.2.1 Subject to the applicable provisions and save as otherwise provided, the following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:

- a. Transactions not in arm's length.
- b. Transactions not in ordinary course of business.
- c. Material Related Party transactions as specified in Clause 3.

6.2.2 The Board of Directors shall consider the information/documents pertaining to the Related Party Transactions placed before it and either approve or reject the same on merit.

6.3 Approval by the Shareholders:

The following Related Party Transactions, after the approval of Board, shall also be placed before the shareholders for their prior approval:

- a. Subject to applicable provisions and save as otherwise provided in the applicable provisions and regulations, all Material Related Party transactions as specified in Clause 3 and subsequent material modifications thereto as may be determined by the shareholders while approving such transaction.
- b. All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act, thereby requiring the approval of shareholders.
- c. Clause (a) and (b) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6.4 While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.

6.5 Ratification of Related Party Transactions in exceptional cases:

Any Related Party Transaction which is not under omnibus approval, entered into by the Company with a Related Party, without obtaining the consent of Audit Committee or the Board of Directors or approval of shareholders in General Meeting, can in genuine cases be ratified by the Audit Committee or the Board of Directors or the shareholders at a General Meeting as permitted under the applicable laws.

7. General Exemption:

There is no approval required for transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

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8. Disclosure:

Disclosures as appropriate concerning the Related Party Transactions and/or Material Related Party Transactions shall be made in the Annual Report of the Company including its Financial Statements, on the website of the Company and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed from time to time.

9. Miscellaneous:

- 9.1 This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly. The Board shall have the power to amend any of the provisions of this policy, substitute any of the provisions with new provision or replace this policy with entire new policy.
- 9.2 Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Indian Accounting Standards and other applicable provisions for the time being in force.
- 9.3 In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall mutatis mutandis apply to /prevail upon this Policy.

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Version	Approved by	Approval Date	Effective Date	Reason for modification
1	Board of Directors	July 22 2014	April 1, 2014	NA
2	Board of Directors (on recommendation of the Audit Committee)	November 08, 2021	November 08,2021	Various amendments under the SEBI Listing Regulations.
3	Board of Directors (on recommendation of the Audit Committee)	February 09,2022	February 09,2022	Various amendments under the SEBI LODR (Sixth Amendment) Regulations, 2021.
