

**Policy for Determining Material Related Party Transactions**  
*(As amended and approved by the Board on November 4, 2022)*

**PREAMBLE**

Starlite Global Enterprises (India) Limited (“SGEIL” or the “Company”) is a professionally managed Company and has good corporate governance and internal control systems.

The Board of Directors (the “Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee (the “Committee”), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

**PURPOSE**

The policy is not only in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013 and the Listing Regulations. Pursuant to Regulation 23 of the Listing Regulations, a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions which shall be reviewed by the Board of Directors at least once every three years. This policy therefore lays down the mechanism to deal with Related Party Transactions.

**Applicability**

The Policy shall be applicable to all the transactions made with:

- Board of Directors and their relatives;
- Key Managerial Personnel (“KMP”) of the Company and their relatives; and
- Related Parties as per the Companies Act, 2013 and SEBI (LODR) Regulations, 2015

**DEFINITIONS**

*All the terms used and defined herein are in addition to those defined in the Act, Listing Regulations or any other applicable law or regulation:*

“Act” means the Companies Act, 2013 (‘Act’) read with the Rules thereto including any subsequent amendments thereof.

“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.

Pricing may not be the only determinant of a transaction being at arm’s length though it is an important factor. Therefore, the Company would apply judgment to conclude whether a transaction can be considered to be arm’s length basis. The following has been considered to be helpful in concluding whether a transaction is on an arm’s length basis:

- The transaction is as per the prevailing price list / pricing policy / market price / at the same price (or margin) at which entered into with independent third parties
- The transaction is in line with third party quotations / bids
- The transaction is at a price / rate in line with Government guidelines / industry body specifications where relevant
- Cost sharing arrangements, where costs are shared based on the benefit derived.
- Taking assistance of an expert – valuation specialist
- Principles under the transfer pricing guidelines (considering whether the pricing would be in line with what would have been charged to an unrelated party, without any conflict of interest)

Some of the cases in the examples covered in Standard on Auditing 550 on Related Parties (SA 550) also cover pricing and therefore will be considered relevant for determining arm’s length pricing as well.

“Audit Committee” means Audit Committee of the Board of Directors of the Company.

“Board” means Board of Directors of the Company.

“Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 including any subsequent amendments thereof.



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“Material modifications” means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.

“Material Related Party Transactions” - a transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds ₹1000 crore or 10% of the annual consolidated turnover of the Company** whichever is lower as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013.

Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board. Transaction involving payment made to related party with respect to brand usage or royalty, exceeding 2% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.

“Ordinary course of business” - The term ordinary course of business is not defined under the Act or the Rules thereunder. Therefore, it would depend on facts and circumstances of each case. The Company would therefore exercise judgment to conclude whether a transaction can be considered to be in the ordinary course of business. Examples of transactions that the Company would consider to be in the ordinary course of business would include but not limited to –

- The transaction is approved under its Memorandum and Articles of Association
- The Company had entered into such transactions over the years in the past for furtherance of its business.
- The transaction is carried out at sufficient frequency.
- In case of activities relating to mergers, acquisitions, reconstruction etc., such transactions for organic & inorganic growth are common to the technology industry to which the Company belongs.
- The transaction was in furtherance of the business of the Company and is consistent with its business objective of augmenting and acquiring newer capabilities
- The transaction is undertaken on arm’s length basis
- The transactions which form part of the Revenue from Operations, the costs of goods sold and the normal expenses incurred for operating the business (considering the business rationale and without any conflicted terms and conditions as compared to transactions with independent third parties).
- A transaction proposed to be disclosed as part of other income or other expenses, exceptional or extraordinary will generally be assessed on a case to case basis as to whether they could be considered to be in the ordinary course of business.

The Application and Other Explanatory Material of SA 550 on Related Parties issued by the ICAI provides examples of transactions that can be considered to be outside the entity’s normal course of business (akin to ordinary course of business). Although these are not conclusive, they will be considered as guidance to be used, based on facts and circumstances, to conclude as to whether a transaction can be considered to be in the ordinary course of business. The examples provided in SA 550 that may be considered to be outside the entity’s normal course of business include:

- Complex equity transactions, such as corporate restructurings or acquisitions.
- Transactions with offshore entities in jurisdictions with weak corporate laws.
- The leasing of premises or the rendering of management services by the entity to another party if no consideration is exchanged.
- Sales transactions with unusually large discounts or returns.
- Transactions with circular arrangements, for example, sales with a commitment to repurchase.

“Related Party” is a party as defined in Section 2(76) of the Companies Act, 2013 read with Rules thereto and clause (zb) of Regulation 2 of the Listing Regulations.

“Related Party Transaction” or “RPT” means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations. These include sale, purchase, leasing or supply of goods or property, availing/ rendering of any services, appointment

of agents for any of these transactions, underwriting of securities and transfer of resources, services or obligations between the Company and its related party/ies, regardless of whether a price is charged or not.

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.

Further the Related Party Transactions approved by other statutory board committees within their terms of reference viz. Nomination & Remuneration Committee, CSR Committee, Risk Management Committee and Stakeholders Relationship Committee, if any, shall be deemed to have approval of the Audit Committee from the RPT perspective and the same need not be approved by the Audit Committee once again. E.g.: Allotment of Shares to KMP by the NRC shall be deemed to have approval of the Audit Committee from RPT perspective.

## **POLICY**

### **I. Audit Committee**


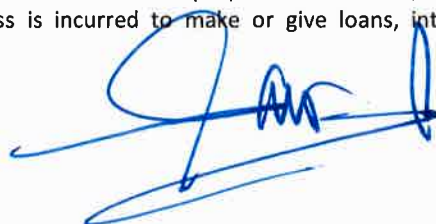
All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs. Chief Financial Officer will refer RPTs to audit committee for approval.

#### **A. In summary, prior approval of Audit Committee is required for the following Related Party Transactions:**

- i. Where Company is a party
- ii. Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
- iii. With effect from April 1, 2023, Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- iv. Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the related parties of the Company or any of its subsidiaries.

#### **B. The Audit Committee will take into account following considerations while dealing with the RPTs:-**

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
- Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); Tenure of the proposed transaction (particular tenure shall be specified); Value of the proposed transaction The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - i. details of the source of funds in connection with the proposed transaction;
  - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    1. nature of indebtedness
    2. cost of funds; and
    3. tenure;



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- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
  - Justification as to why the RPT is in the interest of the listed entity;
  - A copy of the valuation or other external party report, if any such report has been relied upon;
  - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

C. Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

## II. Omnibus Approval

i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature: Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business; and
- Any other information relevant or important to take a decision on the proposed transaction.

ii. Pursuant to Regulation 23 of Listing Regulations, the threshold limits for RPTs for granting omnibus approval for each financial year:

	Criteria	Limit
1	Maximum value of transactions, in aggregate, which can be allowed under the omnibus route	INR 22 Crore
2	Maximum value per transaction which can be allowed	INR 1 core per transaction with a related party and not more than INR 3 core for transactions in aggregate with any related party

iii. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding Rupees Twenty Crore.

iv. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.

v. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

## III. Board Approval

The Board shall approve RPTs, which are not in ordinary course of business and/or not at arm's length. Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

## IV. Shareholders' Approval

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require approval of the Board and shareholders, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not. RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis shall require prior approval of the Board and shareholders, respectively.

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Contracts/ arrangements with Company's subsidiaries and Group Companies would result in RPTs. Generally, such contracts/ arrangements would be in the ordinary course of business.

Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The process will be monitored by CFO continuously.



**DISCLOSURE:**

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.

**APPLICABILITY & AMENDMENT:**

Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial Officer of the Company subject to approval of Audit Committee. The Audit Committee/ Board will give suitable directions/ guidelines to implement the same. The Policy shall be reviewed by the Audit Committee and the Board every three years.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.



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