

## STAR DELTA TRANSFORMERS LIMITED

### RELATED PARTY TRANSACTIONS POLICY FRAMEWORK

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

#### A. Scope and Objective

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its Related Parties. This Policy shall apply to all transactions entered into by the Company with its Related Parties as per the applicable laws and regulations, including the Companies Act, 2013 (the “**Companies Act**”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”).

This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

#### B. DEFINITIONS

B.1 “**Act**” means the Companies Act, 2013.

B.2 “**Regulation 23**” means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B.3 “**Policy**” means this Related Party Transaction Policy.

B.4 “**Board**” means Board of Directors of the Company.

B.5 “**Key Managerial Personnel**” or “**KMP**” shall have the meaning as defined in the Companies Act 2013

B.6 “**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.

B.7 “**Ordinary course of business**” means 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. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

B.8 “**Relative**” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed there under.

B.9 “**Related Party**” have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

B.10 “**Related Party Transaction**” have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 read with amendments issued from time to Time which is as follows: Section 2(1)(zc) of the Listing Regulations

B.11 “**Related Party Transaction**” means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the company

B.12 “**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 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company “.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

## **C. Policy**

### **1. Materiality Thresholds**

Regulation 23 of the Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the Related Parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the Listing Regulations.

## **2. Periodic identification of Related Parties**

**2.1** Related parties shall be identified under Companies Act and the Listing Agreement, as amended from time to time and regularly verified.

**2.2** Every Directors and Key Managerial Personnel and Managerial Personnel of the company is responsible for providing Notice to the Board or Audit Committee of any Potential Related Party Transactions involving him/her or his/her relative including any additional information about the transaction that the Board / Audit Committee may reasonably request.

## **3. Approvals for transactions with related parties:**

**3.1** Before undertaking any transaction, it must be examined by the Company whether such transaction qualifies as a Related Party Transaction, requiring compliance with this policy. The Chief Financial Officer in consultation with the Company Secretary and other persons, as appropriate, shall determine whether a transaction does, in fact, constitute a Related Party Transaction and if so, ascertain in which of the following categories such transaction should be classified in order to determine the approval requirements:

### **3.2 Approval of Audit Committee**

- i. All transactions to be entered with Related Parties shall be entered into only after prior approval of Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances set out below.
- ii. The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
  - (a) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
  - (b) The maximum value per transaction which can be allowed;
  - (c) Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
  - (d) Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
  - (e) Transactions which cannot be subject to the omnibus approval by the Audit Committee
- iii. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
  - (a) repetitiveness of the transactions (in past or in future);
  - (b) justification for the need of omnibus approval

Provided that where the need for Related Party Transactions cannot be foreseen and details are not available, the Audit Committee may grant omnibus approval

for such transactions subject to their value not exceeding Rupees 1 crore per transaction.

- iv. The omnibus approval shall provide details of (a) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (b) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and (c) such other conditions as the Audit Committee may deem fit.
- v. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given.

### **3.3 Approval of the Board**

All Transactions which are not in the Ordinary course of business or an Arm's Length Transaction will be put up for prior approval of the Board. In case the Company exceeds the prescribed thresholds under the Companies Act read with applicable rules, it will be also be put up for prior approval of the shareholders through an ordinary resolution.

### **3.4 Approval of the Shareholders**

All Material Related Party Transactions will be carried out only after prior approval from Shareholders through special resolutions.

Members who are related parties to abstain from voting on special resolution in respect of approval of material Related Party Transaction and only disinterested shareholder (not related party) shall be eligible to vote.

### **3.5 Disclosures**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause 5 of the Policy above) on a quarterly basis to the stock exchanges.

### **3.6 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 Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.

### **3.7 Review of the Policy**

- i. The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.
  
- ii. The policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

**For and on Behalf of  
Star Delta Transformers Limited**

sd/-

**Kishore Gupta  
Managing Director**

**Date: 30/05/2018**

**Place: Bhopal**