

STEL HOLDINGS LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

1. Title

The policy shall be called Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions

2. Commencement

This policy shall come into force with immediate effect.

3. Objective

Related Party Transactions have been one of the major areas of focus for Corporate Governance reforms being initiated by the government.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the revised clause 49 of the listing agreement require the companies to have enhanced transparency and due process for approval of Related Party Transactions.

One such requirement is that the Companies are required to formulate a policy on Materiality of Related Party Transactions and also on Dealing with Related Party Transactions.

4. 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”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with applicable law, including the Listing Agreement and the Companies Act, 2013.
- **“Board”** means Board of Directors of the Company.
- **“Company”** means STEL Holdings Limited
- **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

- **“Key Managerial Personnel”** means key managerial personnel as defined under the Company Act, 2013.
- **“Material Related Party Transaction”** means a Related Party Transaction which, when taken individually or together with any previous transactions during the financial year, exceeds ten percent or such limits, (as may be prescribed in the Companies Act, 2013 and/ or the Listing Agreement), of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- **“Policy”** means this Policy as amended from time to time.
- **“Related Party”** in relation to the Company, means a party related with the Company in any of the ways as are laid down in Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time.
- **“Related Party Transaction”** in relation to the Company means a transaction with related party under relevant provisions of the Companies Act, 2013 or the listing agreement or any other regulated law, regulation or standard.
- **“Relative”** means relative as defined under Section 2(77) the Companies Act, 2013.

5. Approval of Related Party Transactions:

Every Related Party Transaction entered into shall be with the prior approval of the Audit Committee. The Approval of the Audit Committee can be granted by way of circular resolution.

In the case of regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval/ omnibus approval. However, such approval shall be subject to the fulfillment of conditions as stipulated in the Listing Agreement as amended from time to time.

The Board shall approve such Related Party Transactions as are required to be approved under the Companies Act, 2013 and/ or listing agreement and/or transactions referred to it by the Audit Committee.

Where any Director is interested in any related transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such transaction.

Further, all material Related Party Transactions shall require approval of shareholders of the Company through Special Resolution (unless it is exempted pursuant to the provisions of listing agreement) and the related parties shall abstain from voting on such resolution(s).

All Related Party Transaction (other than Material Related Party Transactions) pursuant to the provisions of Section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arm's length transactions and cross the threshold limits prescribed under the Companies Act, 2013 shall also require the approval of shareholders of the Company through Special Resolution and related parties shall abstain from voting on such resolution(s).

The Approval mechanism for related party transaction shall be as stipulated in the provisions of the listing agreement and/ or Companies Act, 2013 and as amended from time to time.

6. Amendments

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.

7. Interpretations

Any words used in this Policy but not defined here shall have the same meaning ascribed to it by the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standard or any other relevant legislation/ law applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provisions in this Policy, the same shall be referred to the Audit Committee and the decisions of Audit Committee in such a case shall be final. In interpreting such term or provisions, Audit Committee may seek help of any of the officers of the Company or an outside expert as it deems fit

Mumbai
November 12, 2014

(Chairman – Board of Directors)
STEL Holdings Limited