

Stardeck Finance Limited

RELATED PARTY TRANSACTIONS POLICY

Preamble

The Board of Directors (the “Board”) of Stardeck Finance Limited (the “Company” or “SFL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy as and when required, subject to the approval of the Board of Directors.

This policy will be applicable to the Company effective from 1 October 2014.

Purpose

This policy is framed as per requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) by the Company and the Companies Act, 2013, including any related Rules and notifications thereof. The policy is intended to ensure the proper reporting, approval and disclosure of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

Definitions

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“Board” means Board of Directors of the Company

“Key Managerial Personnel” means a key managerial personnel as defined under section 2(51) of the Companies Act, 2013 which includes:

- The Chief Executive Officer or the Managing Director, or the manager;
- The Company Secretary;
- The whole- time director
- The Chief Financial Officer
- Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- Such other officer as may be prescribed

“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 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

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Further, 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.

“Policy” means Related Party Transaction Policy.

“Related Party”- is a party as defined in sub-section (76) of Section 2 of the Act and Regulation 2(1)(zb) of the Listing Regulations

“Related Party Transaction” means a transaction which involves a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract

“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.

Policy

The Company undertakes to engage with Related parties only for transactions that are in the ordinary course of business and on an arm’s length basis and ensure full compliance with all the applicable laws and regulations.

All proposed Related Party Transactions should be reported to the Audit Committee for prior approval. Where required, the Audit Committee shall further refer such transactions to the Board of Directors or Shareholders, in accordance with this Policy.

(I) Identification of Potential Related Party Transactions

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. Board/Audit Committee with the assistance of management 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.

(II) Review and Approval of Related Party Transactions

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- All Related Party Transactions shall require prior approval of Audit Committee.
- An omnibus approval shall be taken for Related Party Transactions which are conducted on a day to day basis and recurring in nature by the Company during a financial year. In exceptional cases where the omnibus approval is not taken the proposed transaction will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, such as
 - The nature, duration of the contract and particulars of contract or arrangement;
 - The terms of the transaction including the value, if any;
 - indicative base price / current contracted price and the formula for variation in the price if any;
 - Maximum amount of transaction that can be entered into and the period of such approval;
 - the business purpose of the transaction;
 - The benefits to the Company and to the Related Party;
 - Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction; and
- In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant and grant an omnibus approval to the Related Party Transaction which are repetitive in nature and proposed to be entered into by the company and such approval shall be valid for maximum 1 year:
 - The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company
 - 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 if the transaction did not involve a Related Party;
 - The Audit committee shall determine whether the transaction is in the ordinary course of business with the help of the following parameters drawn from judicial precedents like reasonability of transaction in the context of business, whether it necessary, normal and incidental to the business, customary and happen with certain frequency etc.
 - Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - Whether the Related Party Transaction would affect the independence of an independent director;

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- 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 and 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, 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.
- If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
 - No prior approval of Audit Committee is required to be obtained by the Company, if the RPTs are proposed to be entered into with its wholly owned subsidiaries.
 - The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given
 - 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 not exceeding Rs.1 crore per transaction;

(III) Approval of transactions by the Board of Directors

- For transactions covered under Section 188 of the Companies Act 2013 as stated below will require Board's approval if not at arm's length and not in the ordinary course of business :
 - sale, purchase or supply of any goods or materials;
 - selling or otherwise disposing of, or buying, property of any kind;
 - leasing of property of any kind;
 - availing or rendering of any services;
 - appointment of any agent for purchase or sale of goods, materials, services or property;
 - such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - underwriting the subscription of any securities or derivatives thereof, of the Company

(IV) Approval of transactions by the Shareholders

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- The Audit Committee shall report all “Material Related Party Transactions” to the Board of Directors.
- The Company will also seek approval for “material related party transactions” from unrelated shareholders’ in a general meeting of the Company.
- However, approval of the shareholders would not be required to be obtained by the Company if the proposed transaction is to be entered into with its wholly owned subsidiaries.
- All the transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business or at Arms’ Length Basis shall also require the approval of the shareholders if the specified thresholds as specified in of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, are met and the Related Parties interested the contract/arrangement shall abstain from voting on such resolution.

(V) Related Party Transactions not approved under this Policy

Where the Company enters into a Related Party Transaction, without the pre-approval of the Audit Committee as required by this Policy, the matter shall be reviewed by the Committee. The Committee after considering all relevant facts and circumstances regarding such Related Party Transaction shall evaluate whether such transaction should be, ratified, revised or terminated. The Committee shall also examine the facts and circumstances which led to the failure to report such Related Party Transaction to the Committee as required by this Policy, and shall take such action as deemed appropriate.

If the Committee decides not to ratify a Related Party Transaction which has been entered into without necessary approvals, it, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy, after seeking approval of the Board and subject to the provisions of the Companies Act, 2013, including any related Rules or notifications and provisions of Listing Regulations.

(VI) Disclosure Requirement

- Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Financial Statements, Board’s Report, to the Stock Exchanges, on the website of the Company and such other places as may be specified under law.

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- The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website

(VII) Review / Revision of Policy

- If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.