

STERLITE TECHNOLOGIES LIMITED

Related Party Transactions Policy

Owner:

Corporate Secretarial Department

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The Board of Directors (the "Board") of Sterlite Technologies Limited (the "Company" or "Sterlite"), acting upon the recommendation of the Audit Committee, has adopted the following policy with regard to Related Party Transactions as required by Securities and Exchange Board of India Limited (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") read with the SEBI circular (SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18) dated February 14, 2025 or such other circulars as amended from time to time. The Audit Committee/ the Board shall review this Policy atleast once in three years for better implementation of the Policy.

Purpose and Effective Date

Sterlite Technologies Limited ("Company") has adopted this policy on Related Party Transactions (the "Policy"), to ensure the proper approval and reporting of transactions between the Company and one or more related party/parties as required under the provisions of Section 188 of the Companies Act, 2013 (the "Act") and the rules made thereunder and/or the provisions of Regulation 23 read with 2(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time.

The purpose of this policy is to establish and govern the procedure applicable to related party transactions covered within the ambit of the Act and Listing Regulations as amended from time to time. This policy is intended for identification of related parties as well as to govern the related party transactions and to apply to all transactions where the Company and or its Subsidiary is a participant and the related party has or is expected to have direct or indirect interest.

This revised policy shall apply with effect from April 1, 2025.

1. Definitions

- i. **"Act"** means the Companies Act, 2013 as amended from time to time;
- ii. **"Accounting Standards"** means accounting standards notified under Section 133 of the Act.
- iii. **"Audit Committee"** means a committee of the Board of Directors constituted as per the requirements of Listing Regulations and the Act.
- iv. **"Group"** includes all the entities which are included in the consolidated financial statements of the Company.
- v. **"Key Management Personnel"** ('KMP') means a person who is a KMP, as defined in section 2(51) of the Act read with Regulation 2(1)(o) of Listing Regulations or KMP within the meaning of the Accounting Standard 18 – Related Party Disclosures ('AS 18').
- vi. **"Material transaction"** means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

- a. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
 - b. In case of any other transaction, where the amount exceeds Rs. 1000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower or such other limit as may be specified under the Listing Regulations as amended from time to time.
- vii. **“Material Modifications to the Related Party Transactions”** in terms of Related Party Transaction already approved by the Audit Committee or the shareholders means change of more than 10% of the value of the contract/ transactions or Rs. 20 Crores, whichever is higher or such other parameter as may be determined by the Audit Committee from time to time.
- viii. **“Related Party”** (‘RP’) means a related party as defined in sub section (76) of section 2 of the Act and in Regulation 2(1)(zb) and other application regulations under Listing Regulations as amended from time to time.
- ix. **“Related Party Transactions”** (RPTs) means such transactions with related party/ies as defined in Regulation 2(1)(zc) and other applicable of Listing Regulations as amended from time to time including contract or arrangement in which the Company and/or its Subsidiary and the related party are contracting parties either directly or indirectly with respect to the items specified in Section 188(1)(a) to (g) of the Act
- x. **“Relative”** means a relative as defined under the Act and under Regulation 2(1)(zd) of Listing Regulations, as amended from time to time.
- xi. **“Subsidiary” or “Subsidiaries”** means subsidiary(ies) of the Company as defined under Section 2(87) of the Act, as amended from time to time.

Words and expressions used and not defined in this policy, but defined in the Act or any rules framed under the Act or in the Securities and Exchange Board of India Act, 1992 or in Listing Regulations or in the Securities Contracts (Regulation) Act, 1956 or the Accounting Standards shall have the meanings assigned to them in those Acts, Rules, Regulations or Standards.

2. Related Party framework

i. Identification of related party

The Corporate Secretarial department shall identify and maintain the list of related parties including relatives of directors and Key Managerial Personnels (KMPs) and shall update the same based on declarations received from the Directors/KMP's, investment made by the Company and based on other data maintained by it.

It will be the responsibility of the Directors and KMPs to keep the Company Secretary updated immediately if there is a change in any of the declarations provided at the beginning of the year.

Every Director, KMP, Officer of the Subsidiary of the Company will be responsible for providing list of its Related Parties to the Company on an annual basis and whenever there is a change therein;

ii. **Identification of related party transaction**

In the event that a proposed transaction is to be entered into with any of the parties identified as a Related Party in the list of Related Parties, the proposed transaction shall be considered as a Related Party Transaction. Relevant Head of department of the Company will need to report the proposed transaction with related party to Corporate Secretarial department for obtaining prior approval from Audit Committee. The Corporate Secretarial Department in coordination with various department heads shall maintain the updated list of related party transactions.

iii. **Ordinary course of business**

Background

The term "ordinary course of business" is not defined under the Act or rules made thereunder. The term in common parlance would mean activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. The assessment of whether a transaction is in ordinary course of business is subjective, judgemental and can vary on case- to-case basis giving consideration to many factors including, the nature of business and objects of the entity. The purpose of making such assessment is to determine whether the transaction is usual or customary to the Company and/ or its line of business.

Evaluation as to whether a transaction is in the ordinary course of business will be done by the Company Secretary in consultation with the CFO and CEO. This would be subject to review and approval by the Audit Committee and the Board.

An illustrative list of transactions that would need evaluation to determine whether those are in the ordinary course or not is given as Appendix - I. Such transactions, if they are undertaken or proposed to be undertaken, should be reported to the Company Secretary for further evaluation and conclusion on whether they are in the Ordinary course or not.

The following are some of the transactions which are regularly undertaken by the Company based on historical data and hence are by default considered as being in Ordinary course of business, unless they contain one or more features mentioned in the list given in **Appendix – I**:

- a) Sale of preforms, optical fiber, optical fiber cables, etc.
- b) Equity contributions/ loans/NCDs and interest thereon.
- c) Corporate Guarantees and Commission
- d) Reimbursement of expenses/Shared services
- e) ESOPs to KMPs/ Directors

iv. **Arm's length evaluation**

For the purposes of Section 188(1) of the Act, the term "Arm's length transaction" is defined as a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest."

In the absence of any guidance in the Act or the Rules made thereunder, evaluation done for arm's length under the transfer pricing guidelines in the Income Tax Act, 1961 may be used as a basis for determining whether a transaction is at arm's length price.

There may be certain transactions which do not need an arm's length evaluation or documentation under the Income-tax Act 1961. In such cases also, it is considered appropriate if the principles of transfer pricing guidelines under the Income Tax Act, 1961 are used for arm's length evaluation.

In situations, where it is not appropriate to determine the arm's length price through the methods prescribed by the Income-tax Act, 1961, reliance can be placed on expert valuation obtained from an external agency of repute. However, such situations are expected to be rare and hence the need to obtain this would be taken by the CFO and Company Secretary jointly with the guidance of the Board and Audit Committee.

3. **Notification by related parties**

- i. Every Director/KMP of the Company and of the subsidiary of the Company, shall notify the Company Secretary of the Company about:
 - (a) his/her shareholding interests or memberships or directorships (directly or through relatives);
 - (b) any change in his/her relatives; or
 - (c) any change in shareholding interests or directorships or memberships of any entity, held by the person himself or by his relatives.
- ii. Directors and/or KMP shall give notification of his interest or change in interest within 7 days of the relevant event. At the beginning of each quarter, the Company Secretary of the Company shall provide the details of related parties as per records maintained by the Company to the Finance departments of the Company

4. **Approval of Related Party Transactions**

i. **Audit Committee Approval**

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Approvals shall be governed in accordance with Listing Regulation 23. A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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 Company.

Following related party transactions, do not require Audit Committee's approval:

- RPT of subsidiaries (where the Company is not party) below 10% of standalone Turnover of such subsidiary
- remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management**, except
 - those part of promoter or promoter group
 - when remuneration is material
- transactions entered into between the company and its wholly owned subsidiary
- transactions entered into between two wholly owned subsidiaries of the Company
- transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges

For every approval, the Audit Committee shall be provided with information/details as specified in **Appendix – II**.

Factors to be considered by the Audit Committee

In determining whether to approve the transaction or not, the Audit Committee shall consider the following factors:

- The purpose, timing and terms of such transaction;
- The nature and extent of related party's interest in the transaction;
- 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;
- Whether there is an adequate business rationale for the Company to enter into the Related Party Transaction;
- Whether the Related Party Transaction would impair the independence of an otherwise independent director;
- Whether the transaction qualifies to be a transaction in ordinary course of business;
- Whether the Related Party Transaction results in a conflict of interest for any director or KMP, considering the size of the transaction, the overall financial position of the director or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship.

- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction.
- Any other relevant information regarding the transaction which the Audit Committee deems relevant.

It is understood that the Audit Committee may not be expert in evaluating every Related Party Transaction and may need assistance in the form of expert comments, external views, etc. before arriving at a decision. If such need is felt by a majority of the Audit Committee members present at the meeting, then such assistance may be taken.

Omnibus approval in certain cases:

Subject to the provisions of the Listing Regulations and the Act, the Audit Committee may grant omnibus approval for RPT proposed to be entered into by the Company or its subsidiary provided such omnibus approval be granted only for transactions in the ordinary course of business and which are repetitive in nature. While granting approval, the Audit Committee shall satisfy itself of the need for omnibus approval and that same is 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. Further, the Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered by the Company pursuant to each of the omnibus approval given.

Where the need of the RPT cannot be foreseen and all prescribed details are not available, the Audit Committee may grant omnibus approval subject to the value per transaction not exceeding Rupees One Crore only. The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification.

ii. Board Approval

The Board shall approve any contract or arrangement (before it is entered into) with related party with respect to items specified in Section 188(1)(a) to (g) and/ or Listing Regulations and/ or transaction referred to by the Audit Committee by a resolution passed at a Board meeting. Provided that such approval shall not be required if the transaction is undertaken in the ordinary course of business on an arm's length basis.

Further, if the Audit Committee determines that a RPT should be brought before the Board, or if the Board chooses to review any RPT or it is mandatory under any law for the time-being in force for Board to approve the RPT, then the Board shall consider and approve the RPT and the factors to be considered set forth above shall apply to the Board's review and approval of the RPT, with such modification as may be necessary or appropriate under the circumstances.

None of the related parties shall be entitled to vote on a resolution relating to a related party transaction in the Board meeting and shall abstain from discussing the transaction.

iii. Shareholders' Approval

All Material Transactions and any subsequent material modification thereto shall require prior approval of the shareholders of the Company through resolution; and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.

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 and Rules made thereunder, requiring the approval of shareholders, shall require approval of the shareholders of the Company and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

Aforesaid approvals (Audit Committee, Board and Shareholders) shall not be applicable for any transaction entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, subject to the provisions of Section 188(1) of the Act & the Listing Regulations.

For every approval, the Shareholder shall be provided with information/details as specified in **Appendix – III**.

5. Ratification of Related Party Transaction:

The Members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, provided that failure to seek ratification of the Audit Committee, within prescribed timeline, shall render the transaction voidable at the option of the Audit Committee. If the transaction is with a party, related to any director or, if authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it and subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore (including previous ratified transactions);
- (ii) the transaction is not material as specified in the Listing Regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of the Listing Regulations.
- (v) any other condition as specified by the audit committee.

6. Disclosure and Reporting of Related Party Transactions

Appropriate disclosures as required under the Law, Listing Regulations, as amended from time to time shall be made in the Annual Return, Boards' Report, website and to the Stock Exchanges on which equity shares of the Company are listed and to such other authorities as may be prescribed under the Act or the Listing Regulations.

- (a) Once the Related Party Transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards on Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction and place applicable disclosures before the Committee seeking approval in relation to each of the type of transactions, undertaken with-Material Related Party Transactions as defined under listing regulations
- (b) Other related party transactions with promoters, promoter group or entities where promoter or promoter group have concern or interest or
- (c) Residual Related Party Transactions (such transactions which did not fit in the above categories)

7. Compliance with the Policy

It shall be the responsibility of the Chief Financial Officer jointly with the Company Secretary to ensure compliance with the Policy and that the approval process is duly followed and data required for the approval process is made available to the respective approving authority.

In case of non-compliances, it shall be the responsibility of the Company Secretary to report the non-compliances to the Audit Committee/Board of Directors. The Audit Committee/Board of Directors may take appropriate mitigating actions in compliance with prevailing laws.

In case there is any conflict between the provisions of this Policy and the Listing Regulations, the Act or any other Statute/Rule/Regulation, the provisions of the Listing Regulations, the Act or such other Statute/Rule/Regulation shall prevail over this Policy.

This Policy shall be communicated to all employees and other concerned persons of the Company. Further, this Policy shall be uploaded on the website of the Company and website link for the same shall be provided in the Annual Report of the Company.

Appendix – I

List of transactions referred to in Para 3(iii) of the Policy:

- a. Sale of investments (including investment in subsidiaries, associates or joint ventures) to related parties at a consideration which is lower than the valuation report obtained from external agency of repute.
- b. Issue of securities/options relating to securities offered to related parties, on differential terms or on terms not offered to other investors;
- c. Amalgamation, merger, demerger, corporate restructurings, acquisitions;
- d. Loans taken from related parties which are not in the business of lending;
- e. Loans given to related parties (excluding subsidiaries, associates or joint ventures and loans given under a scheme of the Company);
- f. Purchase or sale of fixed assets and/or intangibles from/to related parties;
- g. Post transaction extension of credit period of trade receivable to a related party beyond normal credit period of receivable for similar products for sold to unrelated parties under similar terms;
- h. Post transaction reduction in credit period of trade payable to a related party beyond normal credit period of payable for similar products for procured from unrelated parties under similar terms;
- i. Availing of services or rendering services at terms which are dissimilar compared to external vendor/customer (excluding transaction with subsidiary company);
- j. Transactions with related parties for no or inadequate consideration;
- k. Appointment of related party consultant or agent for any services;
- l. Employment of a related party at terms which are dissimilar compared to employees in similar grade;
- m. Retirement benefits given to related party not in accordance with general employee policy;

Appendix – II**Indicative list of information which should be made available to the Audit Committee/ Board of Directors for approval of Related Party transactions:**

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. The percentage of the Company'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);
- e. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company 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, interoperate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - 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.
- f. Justification as to why the RPT is in the interest of the Company;
- g. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- h. Nature and general description of the transaction
- i. Estimated value of the transaction;
- j. Rationale for related party transaction (business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options, if any)
- k. Principle terms and conditions (including the indicative price & formula for price determination, if any)
- l. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any;
- m. Copy of Valuation or other external party reports; Any advance paid /received or to be paid /received for the contract or arrangement, if any;
- n. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
- o. Management's evaluation regarding
 - whether it is a material transaction.
 - whether it is in ordinary course of business;
 - Whether it is at arm's length and the basis for conclusion (including expert valuation, if any)

Appendix – III**Indicative list of information which should be made available to the shareholders for approval of Related Party transactions:**

1. The notice being sent to the shareholders seeking approval for any material RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:
 - a. Information as placed before the Audit Committee as specified in Appendix II in the format as specified in Appendix IV of the Policy, to the extent applicable;
 - b. The Audit Committee can approve redaction of commercial secrets and such other information that would affect competitive position of the Company from disclosures to shareholders. Further, the Audit Committee shall certify that, in its assessment, the redacted disclosures still provide all the necessary information to the public shareholders for informed decision-making.
 - c. Justification for why the proposed transaction is in the interest of the company;
 - d. Statement of assessment by the Audit Committee that relevant disclosures for decision making were placed before them, and they have determined that the promoter(s) will not benefit from the RPT at the expense of public shareholders.
 - e. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under para (e) of Appendix II above;
 - f. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - g. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
 - h. Any other information that may be relevant.
2. The explanatory statement contained in the notice sent to the shareholders for seeking approval for an RPT shall provide relevant minimum information to enable the shareholders to take a view whether the terms and conditions of the proposed RPT are favourable to the Company, compared to the terms and conditions, had similar transaction been entered into between two unrelated parties. The information so provided shall include but not be limited to the information specified above.