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## 1. PREAMBLE

SEAMEC Limited (the 'Company') recognizes that Related Party Transactions (as defined below) can create potential or actual conflicts of interest and may raise questions about whether such transactions are in the best interest of the Company and its shareholders. Therefore, this policy has been adopted by the Company's Board of Directors, to ensure high standards of Corporate Governance while dealing with Related Parties (as defined below) and sets the procedures under which Related Party transactions must be reviewed, approved or ratified and reported.

This policy has been drafted with an objective of ensuring compliance with the provisions pertaining to Related Party transactions under Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and setting out materiality thresholds for Related Party Transactions.

## 2. DEFINITIONS

- **“Audit Committee or Committee”** means Committee of the Board of Directors of the Company constituted under provisions of Listing Agreement with the Stock Exchanges and Companies Act, 2013.
- **“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.
- **“Associate Company”** means a Company in which other Company has significant influence, but which is not a subsidiary Company of the other Company. Significant Influence means control of at least twenty percent of total Share Capital or of business decisions under an agreement.
- **“Board of Director” or “Board”** means the Board of Directors of SEAMEC Limited, as constituted from time to time.
- **“Body Corporate” or “Corporation”** includes a company incorporated outside India, but does not include;
  - A co-operative society registered under any law relating to co-operative societies; and
  - Any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.



- **“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 Companies Act, 2013 and includes –
  - a. Managing Director, or Chief Executive Officer or Manager & in their absence, a Whole-time Director
  - b. Company Secretary; and
  - c. Chief Financial Officer

- **“Policy”** means Related Party Transaction Policy.

- **“Related Party”** means related party as defined in Regulation 2(1) (zb) of SEBI (LODR) Regulations, 2015 read with Section 2(76) of the Companies Act, 2013 which is as follows:

An entity shall be considered as related to the Company if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013 or
- (ii) Such entity is a related party under the applicable accounting standards.

- **“Related Party Transaction”** means transactions as specified under Section 188 of the Companies Act, 2013 and rules made there under and Regulation 2(1) (zc) of SEBI (LODR) Regulations, 2015 including any amendment or modification thereof, as may be applicable.

A transaction with a Related Party shall be construed to include single transaction or a group of transactions in a Contract.

- **“Relative”** with reference to Director or Key Managerial Personnel means persons as defined in Section 2 (77) of the Act and rules prescribed there under.

- **“Material Related Party Transaction”** means, a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.



## 3. KEY PRINCIPLES

### A. MATERIALITY THRESHOLDS FOR RELATED PARTY TRANSACTIONS

Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI (B)
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% Turnover or Rs. 100 Crores, whichever is lower. Turnover relates to Audited Financial Statement of preceding Financial Year.	Exceeding 10% of the annual consolidated turnover. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Buying, selling or disposing of property of any kind directly or through appointment of agents.	Exceeding 10% Networth or Rs. 100 Crores, whichever is lower. Net worth is the basis of Financial Statement of preceding Financial Year.	Exceeding 10% of the annual consolidated turnover. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Leasing of any kind of property	Exceeding 10% Networth or 10% of turnover of the company or Rs. 100 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% Turnover or Rs. 50 Crores, whichever is lower	Exceeding 10% of the annual consolidated turnover. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs.250,000	Exceeding 10% of the annual consolidated turnover. As per last audited consolidated Turnover, transactions individually or with other previous transactions.



Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI (B)
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth	Exceeding 10% of the annual consolidated turnover. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Transfer of resources	-	Exceeding 10% of the annual consolidated turnover. As per last audited consolidated Turnover, transactions individually or with other previous transactions.

## B. ARM'S LENGTH PRICING

The Arm's Length Pricing (ALP) is the condition or the fact that the parties to a Related Party transaction are independent (un-related) and on an equal footing from one or more of the following aspects namely quality, realization, commercial terms etc. Such a transaction is known as an "arm's-length transaction".

In the absence of any prescriptive guidelines on Arm's Length Pricing in the Companies Act, 2013, the Company shall take guidance from the Framework on Arm's Length Pricing (herein after referred to as the 'Framework') approved by the Audit Committee, for determining the terms of Related Party transactions. Additionally, the Company may also adopt any other reasonable approach or methodology to demonstrate Arm's Length for the specified Related Party transaction identified by them.

## C. ORDINARY COURSE OF BUSINESS

"**Ordinary course of business**" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determination what is in the ordinary course business.



The criteria of being “ordinary” or “normal” or “in the ordinary course of business”, is met when both of the two selective criteria are satisfied namely;

- a) the transaction must be ascribed to business objectives or operational activities or alternatively, related to financial activities and;
- b) the same transaction must also fall under the perimeter of the ordinary exercise of operational activities, frequency of the activity, continuity or related financial activities as stated above.

The transactions exceeds the threshold limit requires Shareholders’ Ordinary Resolution.

## 4. POLICY

### 4.1 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director / Key Managerial Personnel is responsible for providing prior Notice to the President (Corporate Affairs, Operations and Company Secretary) of any potential Related Party Transaction involving him / her or his or her relative, including any additional information about the transaction that the President (Corporate Affairs, Operations and Company Secretary) may request.

- The President (Corporate Affairs, Operations and Company Secretary) in consultation with other members of management and with the Audit Committee, as may be deemed appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- In addition to intimation by the Related Party and Key Managerial Personnel, the Chief Financial Officer is also required to inform the resident (Corporate Affairs, Operations and Company Secretary) about the purported relative party transaction including the changes if any to President (Corporate Affairs, Operations and Company Secretary), so that steps will be taken to determine whether the transaction constitutes a Related Party Transaction requiring the Compliance with this Policy.
- Every director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contracts or arrangement.



- Where any director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- In general, the Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the President (Corporate Affairs, Operations and Company Secretary) has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority.
- Every Director and Key Managerial Personnel are mandated to promptly communicate to the President (Corporate Affairs, Operations and Company Secretary) any changes in the initial disclosure submitted by them to ensure Compliance of requirements under this Policy from time to time.

## **4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee will lay down the criteria for granting the omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature
- b. The Audit Committee will satisfy itself the need for such omnibus approval and ensure that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify:
  - the name of the related party and nature of relationship
  - the nature and particulars of the contract or arrangement;





- any advance paid or received for the contract or arrangement, if any;
- period of transaction,
- maximum amount of transaction that can be entered into,
- the indicative base price / current contracted price and the formula for variation in the price if any
- whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- any other information relevant or important for the Committee to take a decision on the proposed transaction.

Provided that 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

- d. Audit Committee will review, at least on a quarterly basis in its meeting, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals will be valid for a period not exceeding one year and will require fresh approvals after the expiry of one year.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party and any other relevant matters.

In the determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. 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;
- ii. Whether the Related Party Transaction would affect the independence of the Director / KMP;
- iii. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and



- iv. Whether the Related Party Transaction is in the nature of 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 or other Related Party, the direct or indirect nature of the Directors, 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 Board shall consider and approve the Related Party Transaction and 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.

The agenda of the Board meeting at which the resolution is proposed to be passed in addition to revenue and recommendation of Audit Committee, shall contain:

- a) Name of the Related Party and nature of relationship
- b) Nature, duration of the Contract and particulars of contract or arrangement.
- c) Material terms of contract and value
- d) Any advance paid or proposed to be paid
- e) Manner of determining the pricing and other Commercial terms
- f) Whether all factors to the contract have been considered, if not details of factors not considered.
- g) Any other information

#### **4.3 APPROVAL OF THE SHAREHOLDERS**

All the transactions with the related parties which are material, exceeds the threshold limit as stated earlier under materiality threshold and not in the Ordinary Course of Business and at 'Arms' Length Basis shall also require the approval of the Shareholders through Ordinary Resolution and all Related Parties shall abstain from voting on such resolution.

The explanatory statement to be annexed to the notice of a General Meeting shall contain the following particular, namely:

- (a) Name of the Related Party
- (b) Name of the Director or Key Managerial Personnel who is related, if any,



- (c) Nature of Relationists.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement.

Where Related Party transactions entered into between a Holding Company and its wholly Owned Subsidiary whose accounts are consolidated with such holding Company and placed before Shareholders at the General Meeting for approval, in case of such Related Party transactions, approval of Shareholders are not required. (Stock Exchange Regulations)

In case of wholly owned subsidiary, the special resolutions passed by holding Company shall be sufficient for the purpose of entering into transactions between wholly owned subsidiary and holding Company.

#### **4.4 DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND ON ARM'S LENGTH BASIS**

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the material placed before them, shall judge if the transaction is the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business and at arm's length basis.

## **5. DISCLOSURES**

- a. Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- b. The Company is also required to disclose this Policy on its website i.e. [www.seamec.in](http://www.seamec.in) and a web link thereto shall be provided in the Annual Report of the Company.
- c. The Company is required to disclose every contract or arrangement entered into with related party as prescribed under provision of Companies Act, 2013 in the Company's Board's Report to Shareholders of the Company at the Annual General Meeting.
- d. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party as prescribed under Section 189 of Companies Act, 2013 and Rules made there under as amended from time to time including signature of directors and ensure strict compliance thereof.