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POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

I. 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 as to 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.

Accordingly, pursuant to the Section 188 of the Companies Act, 2013 ('the Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Listing Agreement) ('the Listing Regulations'), the Board of Directors adopted this policy in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified, as permitted. The Audit Committee shall review significant related party transactions, submitted to it by the Management, approve and / or recommend for Board and / or shareholders' approval thereon.

II. DEFINITIONS

- **"Act"** means Companies Act, 2013, as amended from time to time.
- **"Audit Committee or Committee"** means Committee of the Board of Directors of the Company constituted pursuant the Listing 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 having such influence and includes a joint venture company. Significant Influence means control of at least twenty percent of total voting power or control of or participation in 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
 - b. Company Secretary
 - c. Whole-time Director
 - d. Chief Financial Officer
 - e. 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
- **“Policy”** means Related Party Transaction Policy.
- **“Ordinary course of business”** would have the meaning as defined by the Institute of Chartered Accountants of India, Act, and as per the guidelines and judicial and other pronouncements, as applicable from time to time.
- **“Related Party”** includes related party as defined in Listing Regulations and 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.
 - (iii) Any person / entity belonging to promoter / promoter group irrespective of their shareholding
 - (iv) Any person / entity holding equity shareholding of 20% or more w.e.f. April 1, 2022
 - (v) Any person / entity holding equity shareholding of 10% or more w.e.f. April 1, 2023

Either directly or on beneficial interest basis as defined under section 89 of the Companies Act, 2013 during immediately preceding financial year or at any time.
- **“Related Party Transaction”** means transaction involving transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged and includes the following transactions:
 - 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. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. Underwriting the subscription of any securities or derivatives thereof, of the company
- h. This shall also include following transactions;
- i. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- j. listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand with the purpose and effect to benefit the listed entity or its subsidiary w.e.f., 01.04.2023.

III. 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 or 1000 crore, whichever is lower. As per last audited consolidated Turnover, transactions individually or with other previous transactions during a previous financial year.
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 or 1000 crore, whichever is lower. 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 or 1000 crore, whichever is lower. 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 or 1000 crore, whichever is lower. 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.2,50,000	Exceeding 10% of the annual consolidated turnover or 1000 crore, whichever is lower. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth	Exceeding 10% of the annual consolidated turnover or 1000 crore, whichever is lower. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Transfer of resources	-	Exceeding 10% of the annual consolidated turnover or 1000 crore, whichever is lower. As per last audited consolidated Turnover, transactions individually or with other previous transactions.
Transactions involving payments made to related party with respect to brand usage or royalty	-	If the transaction to be entered individually or taken together with previous transactions during a financial year, exceeds 2% of the annual consolidated turnover of the Company as per its last audited financial statement.

Note: Shareholders reserve the right to specify maximum permissible limit upto which transaction with a respective related party may be carried out in a financial year, in the event whereof such permissible limit will be reckoned as threshold limit for the purpose of this policy.

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

IV. KEY FACTORS

1. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- Each Director / Key Managerial Personnel is responsible for providing prior notice to the President – Corporate Affairs, Legal 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, Legal and Company Secretary may request.
- The President – Corporate Affairs, Legal 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 President – Corporate Affairs, Legal and Company Secretary about the purported related party transaction including the changes if any, 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 advises to receive such notice of any potential Related Party Transaction well in advance so that the President – Corporate Affairs, Legal 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, Legal and Company Secretary any changes in the initial disclosure submitted by them to ensure Compliance of requirements under this Policy from time to time.
- This Policy shall be subject to review by the Board of Directors of the Company at least once in every three years and be updated accordingly.

2. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Only those members of the audit committee, who are independent directors, shall approve related party transactions.

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;
- the material terms 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 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. 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 is not required. (Listing Regulations)
- v. 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 Audit Committee and Board meeting at which the resolution is proposed to be passed in addition to review and recommendation of Audit Committee, as applicable, shall contain:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the listed entity 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) Value of the proposed transaction;
- e) The percentage of the listed entity'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)
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary
 - details of the source of funds in connection with the proposed transaction
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments i.e. nature of investments, cost of funds and tenure
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - Justification as to why the RPT is in the interest of the listed entity;



- Copy of the valuation or other external party report, if any such report has been relied upon;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- Any other information that may be relevant.

3. APPROVAL OF THE SHAREHOLDERS

Pursuant to the Listing Regulations, as amended from time to time, 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:

1. 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;
2. In case of any other transaction(s), if the amount exceeds 10% of the annual consolidated turnover of the Company as per its last audited financial statements or 1000 crore, whichever is lower.

All material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through ordinary resolution and the related parties of the Company shall not vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

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

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars namely:

- a. A summary of the information provided by the management of the listed entity to the audit committee
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under clause 2(f) above;
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;



- f. Any other information that may be relevant

Material Modifications to Existing RPT

Material modification will mean and include any modification to an existing related party transaction sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

The authority for approving material modification to an existing RPT would be same as that of original approving authority for the resolution. Provided that the Company would be required to seek prior approval of the approving authority before acting upon the proposal of material modification.

The Company to disclose material modifications to existing RPT in line with the disclosure requirements applicable to original RPT resolution.

The material modification to existing RPT shall also be recorded in the register in Form MBP 4 for contracts or arrangements with related party.

4. EXEMPTIONS FROM OBTAINING AUDIT COMMITTEE OR SHAREHOLDER APPROVAL:

- Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- Transactions entered into between two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS OF SUBSIDIARY COMPANIES:

- A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- With effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary;



- Prior approval of the Audit Committee of the listed entity shall not be required or a related party transaction to which the listed subsidiary is a party but the listed company is not a party.

6. 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.

7. 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 Regulations.
- b. The Company is also required to disclose this Policy on its website i.e. 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.
- e. The listed entity shall submit disclosures of related party transactions on a consolidated basis, within such timeline as prescribed in the SEBI (LODR) Regulations and in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

8. EXCLUSIONS FROM RELATED PARTY TRANSACTIONS

- i. Appointment and remuneration of Directors/KMP and deputation of in subsidiaries or associates.
- ii. Transactions with employees
- iii. Transaction pursuant to interest in securities of the Company
- iv. CSR contribution
- v. Reimbursement of expenses



- vi. Corporate restructuring activities involving related parties
- vii. Recurring / Consequential transactions
- viii. Transactions pursuant to share based incentive plans
- ix. Corporate actions which are uniformly applicable/offered to all the shareholders in proportion to their shareholding:
 - Payment of dividend;
 - Subdivision/ consolidation of securities;
 - Rights issue/ bonus issue;
 - Buy-back of securities
- x. Issue of specified securities on preferential basis under the SEBI (ICDR) Regulations, 2018

The law now explicitly prescribes a list of exclusions, therefore it may be said that the scope of exclusion may not be extended in case of any other transactions.

9. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail over the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.