

## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS ('RPT POLICY')**

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### **1. Scope and Purpose of the RPT Policy**

**Selan Exploration Technology Ltd.** ("SETL" or "the Company") is governed, amongst others, by the provisions of the Companies Act, 2013 (Act) and the Regulations framed by the Securities and Exchange Board of India (SEBI). Under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR/ Listing Regulations), SEBI has mandated that every listed company shall formulate a policy on materiality of RPT, dealing with RPT and on what constitutes 'materiality' for modifications of RPT. Accordingly the company has formulated this policy which will regulate all transactions between the Company and its Related Parties and/or its subsidiaries and its Related Parties and / or such other transactions as per the requirements under the applicable laws, rules and regulations.

The Board of Directors of the company (Board) on recommendation of the Audit Committee of the Board (Audit Committee) has approved this policy and the Board shall review the policy once in three years and may amend the same from time to time.

The RPT Policy will set out –

- a) Thresholds for materiality of Related Party Transactions.
- b) what constitutes Material Modifications
- c) Manner of dealing with and disclosing the transactions between the Company and its Related Party.

In the event of any conflict between the provisions of this Policy and the Act or the Regulations, the provisions of the Act and the Regulations shall prevail. In the event of any differences in the provisions of the Act and the SEBI LODR, the higher threshold shall be read into this Policy as a statutory requirement and/or its subsidiaries and its Related Parties and / or such other transactions as per the requirements under the applicable laws, rules and regulations.

### **1. Definitions:**

#### **(a) Arms length transaction**

It means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

#### **(b) Materiality Related Party Transaction**

A transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1000 Crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements.

**(c) Material Modification(s)**

Material modification in relation to a Related Party Transactions (RPTs) shall mean any variance of 20% of existing limit or INR 50 crores whichever is lower.

**(d) Related Party** means a party related to the Company where:

- (i) such party is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such party is a related party under Regulation 2(1) (zb) of the SEBI LODR.

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

### **3. Policy**

Following shall be the structure of dealing with transactions with Related Parties by the Company:

- Identification of Related Parties
- Identification of potential Related Party Transactions;
- Restrictions relating to Related Party Transactions;
- Approval of Related Party Transactions; and
- Disclosure of Related Party Transactions.

#### **3.1 Identification & Monitoring of Related Parties**

##### **Process for Identification of Related Parties**

**a) Disclosure by Directors, KMP(s) and subsidiaries**

- a) The Company shall identify all Related Parties for the Company on the basis of disclosures received from the Directors/ KMPs/Promoter and Promoter Group, corporate and investment structure, as per the definition provided in the Companies Act, 2013 and Listing Regulations as amended from time to time. Disclosure from the

Directors/KMPs shall be received by the Company at the beginning of every year and as and when the information changes. Disclosure from promoter and promoter group shall be received on annual basis.

- b) At the end of every financial year, the Company shall identify the person(s) apart from promoter or promoter group, who at any time during the proceeding financial year held 10% of the equity shareholding of the Company.
- c) All the subsidiary companies of the Company shall provide list of their Related Party and Related Party Transactions on quarterly basis and update the same, in case of any change and intimate to the Company Secretary of the Company for placing before the Audit Committee.
- d) The names of all Related Parties identified of the Company shall be consolidated, as a Related Party List and this List as amended from time to time shall be progressively shared with the Accounts and Finance team of the Company and its Subsidiaries.

### **3.2. Identification of Potential RPTs**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction, if not given already in the first Board Meeting of the financial year, involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request, for being placed before the Audit Committee/Board. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute an RPT requiring compliance with this policy.

The subsidiary companies of the Company are responsible for providing notice to the Company of any potential RPT, if not given already in the first Board Meeting of the financial year, involving it/them, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee/ Board. The Audit Committee and Board shall record such disclosure and the Audit Committee will determine whether the transaction does, in fact, constitute an RPT 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.

Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Additionally, at the end of every financial year, a list of shareholders who at any time during the immediately preceding financial year have held prescribed 10% shareholding, will be prepared for the purpose of identification of Related Party.

### **3.3. Review and Approval of Related Party Transactions:**

#### **3.3.1. Audit Committee**

All Related Party Transaction(s) of the Company and subsequent material modifications thereto(unless exempted pursuant to Listing Regulations and the Act), shall require prior approval of the Audit Committee. The Audit committee shall consider all relevant factors while deliberating the RPT for its approval.

Only those members of the Audit Committee, who are the independent directors, shall approve Related Party Transactions.

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 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company or its subsidiary subject to the following conditions:

1. The Audit Committee shall lay down the criteria for granting the omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiaries in line with the policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

Such omnibus approval shall specify (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction and/ or as may be prescribed under the Act/ Listing Regulations.

3. 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.

4. Audit Committee shall review, at-least on a quarterly basis, the details of RPTs entered into by the company or its subsidiary pursuant to each of the omnibus approval given.

5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

6. The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the Company.

The agenda of the meeting at which such Related Party Transaction is proposed to be reviewed/approved by the Audit Committee shall disclose the following: -

- i. the name of the Related Party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. 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;
- vii. the persons/authority approving the transaction;
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction; and
- ix. such other information as may be required under the Act or Listing Regulations

In 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.
- ii. 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;
- iii. Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
- iv. Whether the proposed transaction includes any potential reputational risk issues that

may arise as a result of or in connection with the proposed transaction;

v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law; and

vi. Any other factor the Committee deems relevant for reviewing and approving such Related Party Transaction.

While considering any modification in any Related Party Transaction, the Audit Committee shall also consider the following:

- Need for the modification and factors on account of which modification is necessary.
- Whether subject of modification could have been assessed at the time of approval of original transaction itself.

Further, the transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- Transactions which are not at arm's length or not in the ordinary course of business.
- Transactions which are not repetitive in nature.
- Transactions exceeding materiality thresholds as laid down in this Policy.
- Transactions in respect of selling or disposing of the undertaking of the company.
- Financial Transactions eg. Loan to Related Parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the Related Parties, corporate guarantee given/received from Related Parties.
- Any other transaction the Audit Committee may deem not fit for omnibus approval.

### **3.3.2. Board of Directors**

Following transactions shall require a prior approval of the Board (unless exempted pursuant to Listing Regulations and Act):

All transactions which are not in the ordinary course of business or not at arm's length and subsequent material modification(s) thereto shall be placed before the Board for its approval. Ordinary course of business means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per the Memorandum of Association. A member of the Board who has any interest or potential conflict of interest, in any RPT will recuse himself and abstain from discussion and voting on the approval of the RPT.

### **3.3.3. Shareholders' Approval**

All the Material Related Party Transactions and subsequent Material Modifications shall require approval of the shareholders (unless exempted pursuant to Listing Regulations and Act) through a ordinary resolution irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length.

In addition to the above, all kinds of transactions specified under section 188 of the Act which are not in the ordinary course of business or are not at arm's length basis; and exceed the thresholds laid down in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, or any modification(s) thereto, shall be placed before the shareholders for prior approval.

Explanation- It is hereby clarified that the limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

### **3.4. Disclosure of Related Party Transactions**

Adequate disclosure of all Related Party Transactions shall be submitted to the stock exchanges in the format as specified by SEBI from time to time and copy of the same will be posted on the website of the Company.

The Company shall disclose this Policy on its website and also a web link thereto shall be provided in the Annual Report.

A register of Related Party Transactions shall be maintained as per the Act and placed before the Board and signed by all the directors present at the meeting, as required from time to time.

In addition to the above, all necessary information/ details about the Related Party Transactions shall be made available to the Board/ Audit Committee, disclosed in Corporate Governance Report/ Annual Report and/or shall be placed wherever required under the provisions of the Act and Listing Regulations, as amended from time to time.

## **4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY**

### **By Audit Committee**

Related Party Transaction entered into without approval shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee / Board / shareholders, as the case may be, as promptly as reasonably practical after it is entered into and is ratified as per this Policy.

Subject to the provisions of the Act, in case any transaction is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the Related Party to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

In case where the Committee does not deem it fit to ratify a Related Party Transaction that has been commenced without approval, the Committee, may recommend the same for approval of Board and/ or direct additional actions including, but not limited to, immediate discontinuation of the 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, 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;
- (ii) the transaction is not material;
- (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;
- (v) any other condition as specified by the audit committee:

### **By Board and shareholders**

If any Related Party Transaction is entered without obtaining the consent of the Board or Shareholders, as the case may be, the same is required to be ratified by the Board or the shareholders, as the case may be, within three months from the date on which such Related Party transaction was entered into. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate.

If the Related Party transaction is not ratified by Board or Shareholders as mentioned above, such Related Party transaction shall be voidable at the option of the Board or Shareholders, as the case may be, and if the Related Party Transaction is with a party related to any director or is authorised by any other Director, the director concerned shall indemnify the Company against any loss incurred by it.

The Committee/ Board/ Shareholders as the case may be shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee/ Board/ shareholders, as the case may be, deem appropriate under the circumstances.

NOTE: RPT Policy amended up to 07 February 2025.