

SEPC Limited

POLICY ON RELATED PARTY TRANSACTIONS

INTRODUCTION

The Board of Directors (the “Board”) of SEPC Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time or as per the timeline provided in the applicable statutory Regulations. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company and also provides for materiality of related party transactions.

PURPOSE

The Company has adopted this Policy upon the recommendation of the Audit Committee and the Board of Directors. The said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

This policy is framed based on the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also intends to ensure the governance and reporting of transactions between the Company and its Related Parties as well as compliance with the relevant sections of the Companies Act, 2013. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements the transactions between the Company and Related Parties.

DEFINITIONS

“Act” means the Companies Act, 2013 together with the rules formulated thereunder, as amended from time to time;



“**Audit Committee or Committee**” means “**Audit Committee**” constituted by the Board of Directors of the Company under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, from time to time.

“**Board of Directors**” or “**Board**” means the Board of Directors of SEPC Limited, as constituted from time to time.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made thereunder.

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

“**Related Party**” means a related party as defined under Section 2(76) of Companies Act, 2013 and rules made thereunder and Regulation 2(1) (zb) of SEBI LODR Regulations, as amended from time to time;

“**Relative**” means a relative as defined in Section 2(77) and rules made thereunder of the Companies Act, 2013, as amended from time to time.

“**Related Party Transaction**” means a transaction as defined under Section 188 of the Companies Act, 2013 and rules made thereunder and Regulation 2(1) (zc) of SEBI LODR Regulations, as amended from time to time;

“**Material Modification**” means _ any subsequent modification to any existing related party transaction (approved either by the audit committee or the members) which results in a change in the nature of the transaction.

“**Material Related Party Transaction**” means a transaction with a Related Party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 Crores or ten percent (10%) of the consolidated annual turnover of the Company as per the last audited financial statements of the Company, whichever is lower;

“**SEBI LODR Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

4. Procedure

All Related Party Transactions must be reported to the Audit Committee for its approval in



accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing Notice to the 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 Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure or Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.2 Review and Approval of Related Party Transactions

Every Related Party Transactions and subsequent material modifications shall be subject to the prior approval of the Audit Committee (Committee) whether at a meeting or by resolutions by circulation. However, those Related Party Transactions which are not in the ordinary course of business or which is not on arm's length basis shall not be approved by way of Circulation.

-provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

-Provided further that:

- a) the audit committee of the Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- b) With effect from April 01, 2023, 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 subsidiary.

Any member of the Committee or the Board, if applicable, who has a potential interest in any Related Party Transaction, or is a Related Party, should abstain from discussion and voting on the approval of the Related Party Transaction.



In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre — approval / omnibus approval as may be permitted by the Companies Act, 2013 and SEBI LODR Regulations,

If the Committee determines that a Related Party Transactions should be brought before the Board as per the provisions of the Companies Act, 2013, 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 Transactions, then the Board shall consider and approve the Related Party Transactions 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.

4.2.1 Consideration by the Committee in approving the proposed transactions

To review a Related Party Transactions, the Committee will be provided with all relevant material information of the Related Party Transactions, 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. The information provided shall, inter-alia cover 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; and
- vii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

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



- i. Whether the terms of the Related Party Transactions 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 there are any undue compelling business reasons for the Company to enter into the Related Party Transactions and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transactions would affect the independence of the directors/KMP;
- 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; and
- v. Whether the Related Party transactions would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transactions should be brought before the Board and the Board may consider and approve the Related Party Transaction.

All the Related Party Transactions which exceeds the limits provided in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and which are not in the Ordinary Course of Business and at non-Arms' Length basis shall also require the approval of the shareholders through ordinary resolution and all the Related Parties shall abstain from voting on such resolution.

4.3 Material Related Party Transaction

All material related party transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board or Shareholders:



- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. Exempted Related Party Transactions

The following Related Party Transactions are exempted from Regulation 23(2) (3) and (4) of SEBI LODR Regulations:

- (a) Transactions entered into between two government companies;
- (b) 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.
- (c) 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.

6. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transactions, and shall evaluate all options available to the Company, including, revision or termination of the Related Party Transactions. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transactions to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

The Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, steps for recovery of amount of loss suffered by the company, payment of compensation for the loss suffered by the related party etc. In connection with any review of a



Related Party Transactions, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the Company at www.sepc.in

6. Amendment

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

Disclosures:

Details of any material related party transactions shall be disclosed to the stock exchange quarterly, along with the compliance report on corporate governance. The Company shall disclose the Policy on its website and web-link shall be provided in the annual report. The Company shall submit disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website within prescribed time period.

7. Review

This Policy will be reviewed as and when required but atleast once in every three years

This policy was modified on August 10, 2023

