



Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

1. PREAMBLE

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and ensuring transparency and procedural fairness of all related party transactions.

The Board of Directors (the “Board”) of SEL Manufacturing Company Limited (the “Company”) adopts the following policy and procedures with regard to Related Party Transactions (RPTs) as defined below in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made there under including any subsequent amendments thereto (the “Act”) and Regulation 23 of SEBI (LODR) Regulations, 2015, as may be amended from time to time.

2. SCOPE

This policy sets definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders. Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of RPTs, in terms of the applicable laws.

3. DEFINITIONS:

- a) **“Related Party Transaction”** means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“Listing Regulations”).
- b) **“Related Party Transaction(s) of the Company”** means Related Party Transaction(s) where the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party.
- c) **“Material Related Party Transactions”** - Transaction with a Related Party shall be considered material if transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of annual consolidated turnover of the Company. (Regulation 23(1) of SEBI (LODR) Regulations, 2015)

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

4. POLICY

- a) All Related Party Transaction(s) shall be entered on arms' length basis.



- b) In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, as the case may be.
- a) All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.
- b) All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- c) All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

5. DISCLOSURE:

- a) Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Committee or Board of Directors.
- b) The Policy shall be disclosed on the Company's website, if required, by any applicable laws, rules and regulations.

6. APPROVALS

- a) All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.
- b) Subject to the provisions of the Act, the Audit Committee and/or Board of Directors may grant omnibus approval for Related Party Transactions.
- c) All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

7. 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

8. REVIEW

This Policy will be reviewed as and when required but at least once in three years.