



SARDA ENERGY & MINERALS LIMITED

Regd. Off: 73-A, Central Avenue, Nagpur (MH.) 440018

Ph: +91-712-2722407 Email: cs@seml.co.in

URL: www.seml.co.in

CIN: L27100MH1973PLC016617

POLICY ON RELATED PARTY TRANSACTION AND MATERIALITY OF RELATED PARTY TRANSACTIONS

- I. Preamble:**
The Board of Directors of the Company has adopted this Policy with regards to dealing with Related Party Transactions and Policy on Materiality of Related Party Transactions ("Policy") upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance with the requirements of the Act and the Listing Regulations, as amended from time to time.
- II. Objective:**
The Company recognizes that Related Party Transactions (as defined below), as part of its business activities, may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company's and its stakeholders' best interest and in compliance with the provisions of the Act the Listing Regulations as amended from time to time.
- III. Definitions:**
- a) **"Act"** means the Companies Act, 2013 including any amendment or modification thereof.
 - b) **"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. Pricing, though being an important factor, may not be the only determinant of a transaction being at arm's length. Following determinants may be factored in while determining the arms' length price:
 - i) Transaction is in line with the principles of the Transfer Pricing Guidelines of the Income Tax Act, 1961 (though transfer pricing is not applicable for domestic transactions under the IT Act).
 - ii) Transaction is as per the prevailing pricing policy / market price / same price (or margin) as compared to transactions with unrelated parties.
 - iii) Transaction is comparable with third party quotations / bids.
 - iv) Transaction is based on cost sharing agreements (in cases where cost is shared based on benefits derived).
 - v) Transaction is at a price in line with the valuation done by an external independent expert.
 - c) **"Audit Committee"** means the Audit Committee of the Board of Directors of the Company formed under the provisions of the Act and the Listing Regulations.



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- d) **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment or modification thereof.
- e) **“Material modification to Related Party Transaction”** means:
- i) any modification in the value of the transaction plus/minus 10%
 - ii) any modification in the price of the transaction plus/minus 10%.
- f) **“Material 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 either of the following limits as per the last audited financial statements of the Company:

Category of Transaction	Limits – u/s 188 of the Companies Act 2013 as amended from time to time	Limits – under Listing Regulations as amended from time to time
Sale, purchase or supply of any goods or materials, directly or through appointment of agent	amounting to 10% or more of turnover of the Company	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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower
Selling or otherwise disposing of, or buying, property of any kind; directly or through appointment of agent	amounting to 10% or more of net worth of the Company	
Leasing of property of any kind;	amounting to 10% or more of turnover of the Company	
Availing or rendering of any services, directly or through appointment of agent	amounting to 10% or more of turnover of the Company	
Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh	



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Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Remuneration exceeding 1% of net worth of the Company	
Any payments made to a Related Party for Brand Usage/ Royalty	Not specified	5% of Annual Consolidated Turnover

- g) **“Promoter and Promoter Group”** will have the same meaning as defined in 2(1) (oo) and 2(1) (pp) of SEBI (ICDR) Regulations, 2011.
- h) **“Related Party”**- For the purpose of this policy, the following shall be considered as related party to the company:
- i) if such entity is a related party as defined under Section 2(76) of the Companies Act, 2013; or
 - ii) if such entity is a related party as per the applicable accounting standards; or
 - iii) any person or entity forming a part of the promoter or promoter group of the Company; or
 - iv) any person or any entity, holding equity shares of ten per cent or more in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year
- i) **“Related-Party Transaction” means**
- i) a transaction, as envisaged under Regulation 2(1)(zc) of the Listing Regulations, involving a transfer of resources, services or obligations between:
 - a) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
 - b) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries; regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.
 - ii) any transaction as envisaged under section 188 of the Companies Act, 2013.
- j) **“Relative”** means relative as defined under section 2(77) of the Companies Act, 2013.



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- k) **“Threshold Limits for Related Party Transactions”** means the limits prescribed in Clause III (f) herein above or any amendments made thereto from time to time.

IV

Policy

All Related Party Transactions must be identified and reported to the Audit Committee, Board and shareholders, as may be applicable, for necessary approval. The said transactions shall be disclosed in accordance with the requirements of the Act, Accounting Standards and the Listing Regulations.

1. Identification Of Potential Related Party Transactions

Each Director And Key Managerial Personnel is responsible for providing Notice of Disclosure of Interest Under Section 184 of The Companies Act, 2013 along with list of Relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the Director/ KMP or any other Related Party without necessary approvals.

2 Procedure To Be Adopted for Related Party Transactions

2.1 Approval of Audit Committee

- a) All Related Party Transactions and subsequent material modification to the Related Party Transaction, shall require prior approval of the Audit Committee and only those members of the audit committee, who are independent directors, shall approve related party transactions;
- b) a related party transaction to which the unlisted subsidiary of 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 in a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- c) 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:

A The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval which shall include the following, namely:-

- i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- ii) the maximum value per transaction which can be allowed;
- iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;



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- iv) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
 - v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- B The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
- i) repetitiveness of the transactions (in past or in future);
 - ii) justification for the need of omnibus approval.
- C The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
- D The omnibus approval shall contain or indicate the following: -
- i) name of the related parties;
 - ii) nature and duration of the transaction;
 - iii) maximum amount of transaction that can be entered into;
 - iv) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - v) any other information relevant or important for the Audit 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, the audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
- E Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- F Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- G Any other conditions as the Audit Committee may deem fit".
- 2.2 **Approval of Board of Directors**
- a) All the Related Party Transactions covered by section 188 of the Companies Act 2013 or as envisaged under Regulation 2(1)(zc) of the Listing Regulations, shall be approved by the Board of Directors of the Company. However, this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis. The guiding principles to determining whether a transaction is in the ordinary course of business as indicated below:



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- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') of the Company as amended from time to time, or
- is as per historical practice with a pattern of frequency, or
- is in connection with the normal business carried on by the Company, or
- the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or
- is common commercial practice, or
- meets any other parameters/criteria as decided by the Board/Audit Committee.
- Such transactions are carried out at regular frequency.

The guiding principles are not exhaustive and the facts and circumstances of each case would be examined before concluding on the matter.

- b) All the Material Related Party Transactions as per Listing Regulations shall be approved by the Board of Directors of the Company.

2.3

Approval of Shareholders

If a Related Party Transaction is (i) a material transaction or (ii) not in the ordinary course of business, or (iii) not at arm's length price and exceeds thresholds prescribed it shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

All subsequent material modifications shall be approved by the shareholders through prior resolution and no related party shall vote to approve the said transaction.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- a) Transactions in respect of a resolution plan approved under section 31 of the insolvency and Bankruptcy Code 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved;
- b) Transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.



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- c) transactions entered into between two wholly-owned subsidiaries of Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval.

2.4

Factors To Be Considered While Granting Approval To Related Party Transactions:

The Audit Committee/Board shall consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

- a) 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;
- b) 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;
- c) Whether the Related Party Transaction would affect the independence of an independent director;
- d) Whether the transaction qualifies to be a transaction in ordinary course of business and at arms' length.
- e) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- f) Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director 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.

V.

Disclosures and related provisions:

- 1. The agenda item of the Committee / Board meeting shall disclose:
 - 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



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- 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 Board to take a decision on the proposed transaction
- 2. No Interested Director shall be present at the meeting during discussions on the subject matter of the resolution relating to related party transaction
 - 3. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transactions.
 - 4. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board every six months on the date of publication of its standalone and consolidated financial results, and publish the same on its website.
 - 5. In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold on a quarterly basis to the Stock Exchanges.
 - 6. The policy shall be communicated to all Directors, KMPs, and other concerned person of the Company, disseminated on the company's website at www.seml.co.in and the web-link of the same shall be provided in the report of the Directors.

VI.

Review & monitoring of Related Party Transactions:

The Audit Committee shall review and monitor a Related Party Transaction taking into account 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 connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

VII.

Transactions not to be considered as Related Party Transactions

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

- i) remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part



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of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material

- 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 in proportion to their shareholding.
- iii) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- iv) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors
- v) Certain types of transactions or arrangements which are specifically dealt under the separate provisions of the laws and executed under separate approvals / procedures shall be approved in accordance with the applicable law and relevant procedures. Example of such transactions are as follows:
 - a) Appointment of Directors/KMPs by the Company or its subsidiaries in compliance with the applicable legal provisions
 - b) Shares based incentive plans for the benefit of Directors or KMPs including ESOPs by the Company or its subsidiaries; or
 - c) CSR Contribution
- vi) Corporate actions such as payment/ receipt of dividend, subdivision or consolidation of securities, issue of securities as rights or bonus, and such other corporate actions, as are uniformly applicable to all the shareholders.

VIII.

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 the matter shall be reviewed by the Audit Committee. 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:

- a) 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;
- b) the transaction is not material in terms of the applicable provision;
- c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification
- d) the details of ratification shall be disclosed along with the disclosures of related party transactions



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- e) any other condition as specified by the Audit Committee.
Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

IX. Effective Date:

This revised policy shall be effective w.e.f. 1st April 2025.

X. Policy Review:

This Policy is framed based on the provisions of the Act and the Listing Regulations. In case of any subsequent changes in the provisions of the Act, or in the Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee once in every three years or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.