



7SEAS ENTERTAINMENT LTD

POLICY ON RELATED PARTY TRANSACTIONS

INTRODUCTION

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms initiated by Indian legislature. The Companies Act, 2013(Act) and Regulation 23(1) SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) as amended from time to time mandates formulation of a Policy on transactions with Related Parties and dealing with Related Party Transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

As part of the corporate governance practices, the Audit Committee and the Board of Directors (the “Board”) of the Company has adopted this Policy and procedure with regard to Related Party Transactions.

Therefore, this Policy for the review and approval of Related Party Transactions has been adopted by the Company’s Audit Committee and the Board of Directors in order to set forth the procedure under which certain transactions with related parties must be reviewed and approved or ratified.

SCOPE:

The Policy on dealing with RPT’s is formulated in compliance with Section 188 of the Companies Act, 2013 and the Rules made thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and such other regulatory provisions, as may be applicable.

OBJECTIVE:

The objective of framing this RPT Policy is to set out –

- (a) the materiality thresholds for Related Party Transactions and;
- (b) the manner of dealing with the all transactions by and between a Related Party (as defined below) and 7Seas Entertainment Limited and its affiliates (collectively the "Company") based on the Companies Act, 2013, Clause 49 of the Listing agreement and any other laws and regulations as may be applicable to the Company.



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APPLICABILITY:-

This Policy will be applicable to the Company to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

DEFINITIONS:

The terms defined in this RPT Policy shall have the meanings herein specified and terms not defined shall have the meanings as defined in the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 (“the Regulations”) including any statutory modifications, amendments or reenactments thereof.

- a) **“Act”**: means the Companies Act, 2013 and the rules made thereunder.
- b) **“Arm’s Length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act 1961.
- c) **“Associate Company/ Associate ”** shall mean any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:
- d) **“Audit Committee or Committee”** means Audit Committee of the Board of Directors of the Company.
- e) **“Board”**: means Board of Directors of the Company
- f) **“Committee”**: means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- g) **“Company”**: means 7Seas Entertainment Limited
- h) **“Employee”**: means any employee of the Company (whether working in India or abroad)
- i) **“Key Managerial Personnel”**:- Key Managerial Personnel (KMP) means-(I) the Chief Executive Officer or the Managing Director; (II) the Company Secretary; (III) the Whole-Time Director; (IV) the Chief Financial Officer; and (V) such other officer as may be prescribed under the applicable statutory provisions / regulations
- j) **“Policy”** means Policy on Related Party Transactions of the Company.
- k) **“Related Party”** means a person or an entity

A. as defined under section 2(76) of the Companies Act, 2013 i.e.

- (i) a director or his relative;

- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;
- (viii) any Company which is –
 - a. a holding, subsidiary or an associate company of the such company; or
 - b. a subsidiary of a holding Company to which it is also a subsidiary

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

“Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party

- (ix) such other person as may be prescribed under the Companies Act, 2013 and the Rules framed thereunder

OR

B. which is a related party under the applicable accounting standards

l) “**Related Party Transactions**” Shall mean those transactions with related parties as defined under the Companies, Act, 2013 and the rules made thereunder and/or SEBI (LODR) Regulations, 2015 as amended from time to time.

m) “**Relatives**”: – “Relative”, with reference to any person, means anyone who is related to another. if—

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. one person is related to the other person as: -

Father (including step-father), Mother (including step-mother), Son (including step-son), Son’s wife, Daughter, Daughter’s husband, Brother (including step-

brother), Sister (including step-sister).

- n) **“Senior Management”**:- The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

POLICY

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. All material Related Party Transactions should be approved by the shareholders of the Company.

1. Identification of potential Related Parties:

- i. Companies subsidiary to 7seas Entertainment Limited, if any will be considered as Related Parties.
- ii. Key Managerial Personnel and connected Related Parties.

All the Directors and Key Managerial Personnel shall disclose to the Company the details of Related Parties.

2. Review and approval of Related Party Transactions

A. Audit Committee:

Every Related Party Transaction shall subject to the provisions of the Companies Act, 2013 and the Rules framed thereunder read with SEBI (LODR) Regulations, 2015 as amended from time to time be subject to the prior approval of the Audit Committee whether at a meeting or by Resolution by Circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and are at Arm’s Length basis, subject to compliance of the conditions contained in SEBI (LODR) Regulations, 2015 as amended from time to time.

Any member of the Committee who has potential interest in any Related Party Transaction shall not vote to approve the Related Party Transactions.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or as prescribed under the Companies Act, 2013 and Rules thereunder, and the SEBI (LODR)

Regulations, 2015 as amended fromtime to time.

B. Omnibus Approval

Audit Committee may grant omnibus approval for Related Party Transactions which are in are repetitive in nature

- I. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:
 - (a) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - (b) The indicative base price / current contracted price and the formula for variation in the price, if any; and
 - (c) Such other conditions as the Audit Committee may deem fit.
- II. The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs.1 crore per transaction.
- III. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

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

- IV. In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

C. Board Approval:

If the Audit Committee requires that a Related Party Transaction should be brought before the Board, or if the Board in any case decides 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.

D. Shareholders Approval:

All the Material Related Party Transactions shall require approval of the shareholders through a resolution and no Related Party/ies with whom transaction is to be entered shall vote to approve such transactions.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall not vote to approve the relevant Related Party Transactions.

E. Related Party Transactions not previously approved:

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, subject to the provisions of the Companies Act, 2013 and the rules made thereunder, the transaction shall be placed as promptly as practicable before the

Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and 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 deems appropriate under the circumstances.

The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

MATERIAL RELATED PARTY TRANSACTIONS

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, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.



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DISCLOSURES & OTHER REQUIREMENTS

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on Corporate Governance.

The listed entity (7Seas Entertainment Limited) shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, 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.”

Every contract or arrangement entered into under Section 188 (1) shall be referred to in the Board’s report to the shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

Subject to the other provisions of the Regulations, the Company shall also disclose the details of all material Related Party transactions along with the quarterly compliance report on corporate governance filed with the stock exchanges under Regulation 27(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Policy shall be reviewed by the board of directors of the company at least once in every 3 years and updated accordingly w.e.f. 07.07.2022.

AMENDMENTS IN LAW

Any subsequent amendment / modification to the Listing Regulations and / or other applicable laws in this regard shall automatically apply to this Policy.



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