

Walchandnagar Industries Limited

Related Party Transaction Policy

(Effective from October 1, 2014)

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors (the "Board") of Walchandnagar Industries Limited (the "Company" or "WIL"), has adopted this policy and procedures with regard to Related Party Transactions. The Board reserves the right to review and amend this policy from time to time based on the recommendation of the Audit Committee.

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

2. Purpose

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure proper approval and reporting of transactions between the Company and its Related Parties. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

"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.

"Audit Committee" or "Committee" means Committee of Board of Directors of the Company constituted under the provisions of Listing agreement and Section 177 of the Companies Act, 2013.

"Board" means Board of Directors of the Company

"Key Managerial Personnel" means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

"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 entered during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

"Policy" means Related Party Transaction Policy.

"Related Party" means related party as defined in Clause 49 of the Listing Agreement which is as follows:

An entity shall be considered as related to the Company if:

- a. Such entity is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
- (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 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 under whose advice, directions or instructions a director or manager is accustomed to act :
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity ;
 - (viii) any company which is –
 - (A) a holding, subsidiary or an associate company of such company ; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary ;
 - (ix) Director or key managerial personnel of the holding company or his relative with reference to a company; or
- b. Such entity is a related party under the applicable Accounting Standards.

“Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

4. Policy

All Related Party Transactions must be reported to the Audit Committee for its prior approval by the Committee in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for intimating to the Board or the Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction 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.

4.2 Restrictions for Related Party Transactions

- (i) All Related Party Transactions shall require 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 by the Company subject to compliance of the conditions contained in Clause 49 of the Listing Agreement (as amended from time to time).
- (ii) All Related Party Transactions, which require the approval of the Board and the Shareholders under the provisions of Section 188 of the Companies Act, 2013 or under the SEBI Regulations or Listing Agreement, shall be approved by the Board / Shareholders in the Board Meeting / Annual General Meeting / Extraordinary General Meeting / Postal Ballot as required under the provisions of the Companies Act and the Rules there under.
- (iii) Further, all Material Related Party Transactions shall require approval of the shareholders through Special Resolution and all entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

4.3 Review and Approval of Related Party Transactions

All Related Party Transactions proposed to be entered into will be referred to the Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will refuse himself or herself and shall not be present at the Meeting during discussion on the subject matter of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Audit

Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a) Whether the terms of the Related Party Transaction are fair and on arms 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 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 proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company;
- f) Whether the Related Party Transaction would give rise to a 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, Key Managerial Personnel 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 Audit Committee determines that a Related Party Transaction should be brought before the Board, 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 Transaction, then 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.

If the Audit Committee / Board, is of the view that the Related Party Transaction is material or is not at Arm's length basis (though it does not exceed the limits specified above) and hence requires the approval of the Shareholders, then such transaction shall be placed before the Shareholders at a General Meeting or by way of postal ballot for approval of the Shareholders.

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

- 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.

- iii. Any transaction with Related Party which is a reimbursement of actual expenses incurred on behalf of the Company by the Related Party.

5. Related Party Transactions not pre-approved under this Policy

In the event the Company becomes aware of a Related Party 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 Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

6. Records

The Company will maintain a register of all Related Party Transactions entered in to by it, at its registered office which register shall be placed before the Board and the same shall be signed by the Disinterested Directors, present at the meetings.

7. Disclosures

- I. The Company shall make quarterly disclosures of all Material Related Party Transactions to the Stock Exchange as required under Listing Agreement.
- II. The Company shall disclose its policy on dealing with Related Party Transactions, on its web site and a web link thereto shall be provided in its Annual Report.
- III. Details of all Related Party Transactions shall be disclosed in the Annual Financial Statement of the Company in accordance with Accounting Standard AS- 18.

8. Amendments in Law

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

This Policy will be communicated to all operational employees and other concerned persons of the Company.