

Walchandnagar Industries Limited

Related Party Transaction Policy

(Effective from April 01, 2022)

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 Section 188 of the Companies Act, 2013 & Rules made thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time and intends 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 Regulations 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 Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or Manager
- (ii) Whole- time Director;
- (iii) Company Secretary;
- (iv) Chief Financial Officer,
- (v) such other officer, not more than one level below the directors who is in the whole time employment, designated as Key Managerial Personnel by the Board; and
- (vi) such other officers as may be prescribed.

"Material Related Party Transactions" in terms of SEBI (LODR) Regulations, 2015 as amended from time to time, means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

1. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
2. In case of any other transaction(s), if the amount exceeds Rs 1,000 crores or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

“Policy” means Related Party Transaction Policy.

“Material Modification” in terms of SEBI (LODR) Regulations, 2015 as amended from time to time, means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

“Related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

The following shall also be treated as the Related Party

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity;
or
- (b) any person or any entity, holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
 - (i) to the extent of 20 % or more; or
 - (ii) to the extent of 10% or more, (with effect from April 1, 2023.)

“Related party transaction” means a transaction involving a transfer of resources, services or obligations between the Company and the related party, regardless of whether a price is charged and to include a single transaction or a group of transactions in a contract

RPT shall include transaction between

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries, (with effect from April 1, 2023.)

Provided that the following shall not be a related party transaction:

(a) 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;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone 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 and Subsequent Material Modifications shall require prior approval of the Audit Committee whether at a Meeting or by Resolution by Circulation. Members of the audit committee, who are independent directors, shall only approve related

party transactions. 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 Regulation 23 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time). The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

(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 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, Rules and as per the SEBI Listing Regulations there under

(iii) Further, all Material Related Party Transactions and Subsequent Material Modifications shall require prior approval of the Board and 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.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

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. Prior Approval of Listed Company for its Subsidiary Company

A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year

> 10% of the annual consolidated turnover as per the last audited financial statements of **the listed entity**;

with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year > 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

6. 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 Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.

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

7. Disclosures

- I. The Company shall make quarterly/ Half Yearly disclosures of all Related Party Transaction / Material Related Party Transactions to the Stock Exchange as required under Listing Regulations.
- 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 Regulations and / or other applicable laws in this regard shall automatically apply to this policy. In the event of any conflict between the provisions of this Policy and of SEBI (LODR) Regulations / Companies Act, 2013 or any other statutory enactments, rules, guidelines, directions issued by SEBI or otherwise, the provisions of SEBI (LODR) Regulations / Companies Act, 2013 or statutory enactments, rules, guidelines, directions shall prevail over this Policy.

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