



POLICY FOR CONSIDERATION AND APPROVAL OF RELATED PARTY TRANSACTIONS

[Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Approved by

Audit Committee and Board of Directors

Dated 28th August, 2022

WAPCOS LIMITED

CIN: U74899DL1969GOI005070

Registered Office : 5th Floor Kailash 26, Kasturba Gandhi Marg, New Delhi – 110001, India

Corporate Office: 76-C, Institutional Area, Sector-18, Gurgaon, Haryana-122015

POLICY FOR CONSIDERATION AND APPROVAL OF RELATED PARTY TRANSACTIONS

1. PREAMBLE

- 1.1 The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI LODR Regulations**") have laid down extensive requirements to be fulfilled in case of Related Party Transactions(*defined below*). Additionally, SEBI LODR Regulations specifies that the Company is required to formulate a policy on materiality of Related Party Transactions and on 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 atleast once every three years and updated accordingly.
- 1.2 Therefore, the Board of Directors (the "**Board**") of WAPCOS Limited ("**WAPCOS**" or "**the Company**") at its meeting held on 28th August, 2022 has adopted this Related Party Transaction Policy ("**Policy**") in line with the requirements of Regulation 23 of SEBI LODR Regulations. This Policy will be effective from the date of listing of the Company.

2. OBJECTIVES OF THE POLICY

- 2.1 The objective of this Policy is to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties in accordance with the Applicable Law(*defined below*).

3. DEFINITIONS

- i. "**Act**" means the Companies Act, 2013 and the Rules prescribed thereunder (the "**Act**").
- ii. "**Applicable Law**" means the Act, SEBI LODR Regulations and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- iii. "**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 as defined in explanation (b) to Section 188 (1) of the Act.
- iv. "**Associate**" means a company as defined under Section 2(6) of the Act, or under applicable accounting standard".
- v. "**Audit Committee**" means the Audit Committee of the Board of Directors of the Company constituted under the provisions of the Act and SEBI LODR Regulations.
- vi. "**Director**" means a person as defined in Section 2(34) of the Act.
- vii. "**Key Managerial Personnel**" mean the officers of the Company as defined in Section 2(51) of the Act.
- viii. "**Employees**" mean the employees and office-bearers of the Company, including but not limited to Whole-Time Directors.



- ix. **"Material Related Party Transactions"** means a transaction with a Related Party entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per its latest audited financial statements of the Company, whichever is lower. 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- x. **"Materiality Threshold"** means limits for related party transactions beyond which approval of the shareholders' as specified in Companies Act, 2013 and rules thereof and amendments thereto will be required.
- xi. **"Ordinary Course of Business"** means all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the objects clause of the Memorandum of Association of the Company.
- xii. **"Relative"** shall have the meaning assigned to it in Section 2(77) of the Act and the Rules prescribed thereunder and as per Regulation 2(1) (zd) of the Regulations as amended from time to time, means anyone who is related to another, if
- (i) They are members of a Hindu Undivided Family; or They are husband or wife; or
 - (ii) One person is related to the another in the following manner, namely:
 - (A) Father, includes stepfather
 - (B) Mother, includes stepmother
 - (C) Son includes stepson
 - (D) Son's wife
 - (E) Daughter
 - (F) Daughter's husband
 - (G) Brother includes stepbrother
 - (H) Sister includes stepsister and SEBI LODR Regulations.
- i. **"Related Party"** means related party as defined in Section 2(76) of the Act, and Regulation 2(1)(zb) of the SEBI LODR Regulations; or under the applicable Accounting Standards.
- ii. **"Related Party Transactions"** means such transactions directly or indirectly involving any Related Party as specified under Section 2(76) read with Section 188 of the Act, or Rules prescribed thereunder and Regulation 2(1)(zc) of the SEBI LODR Regulations including any amendment or modification thereof, as may be applicable
- iii. **"Senior Management"** means officers/personnel of the Company who are members of its core management team excluding Board of Director normally this shall comprise all members of management one level below the chief executive officer/Managing Director/Whole Time Director/manager (including chief executive officer/manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.
- iv. **"Subsidiary"** means a company as defined in Section 2(87) of the Act read with relevant Rules prescribed thereunder.



Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI LODR Regulations, Securities Contracts (Regulation) Act, 1956 or any other Applicable Law or Regulation in force.

4. REVIEW AND APPROVAL MECHANISM OF RELATED PARTY TRANSACTIONS

4.1 Audit Committee Approval: -

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee and while considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company, or any other relevant matters. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a) The Audit Committee shall laydown the criteria for granting omnibus approval for Related Party Transactions proposed to be entered into by WAPCOS under section 177(4)(iv) of the Act read with rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and regulation 23(3) of the SEBI LODR Regulations, provided it is satisfied that there is a need to grant such approval and such approval is in the interest of WAPCOS. It shall be taken for all transactions proposed to be undertaken during the next financial year, before the start of such financial year. Such approval may be granted by Audit Committee for the proposed transaction and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- d) 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. Further, such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year;
- e) In such cases where the need for Related Party Transaction cannot be foreseen at the time of the omnibus approval for the year and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction. Where the audit committee does not approve the transaction, it shall make its recommendation to the Board;
- f) The Related Party Transaction to which subsidiary of WAPCOS is a party but WAPCOS is not a party, shall require prior approval of the audit committee of WAPCOS if the value of



such transaction individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover (w.e.f. April 1, 2022), as per the last audited financial statements of WAPCOS; (or exceeds ten per cent of the annual standalone turnover of the subsidiary w.e.f. April 1, 2023);

- g) Where any transaction not exceeding Rs. One Crore, which is considered as Related Party Transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the approval of the Audit committee and such transaction is not ratified by the audit committee at a meeting within three months from the date of transaction, such transaction shall be voidable at the option of the audit committee if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify WAPCOS against any loss incurred by it.

Where any contract or arrangement, which is considered as a related party transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of the Board or the shareholders of BPCL, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into and in case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board or shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the Directors concerned shall indemnify WAPCOS against any loss incurred by it.

4.2 Board of Directors Approval: -

- a) All Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time and being not in the ordinary course of business of the company and/ or not on an arm's length basis, shall require approval of the Board.
- b) All Material Related Party Transactions, requiring the approval of the shareholders, shall also need to be approved by the Board.
- c) Such approval of Board may be obtained at a duly convened meeting only.

4.3 Shareholder's Approval:-

- a) All Related Party Transactions and subsequent material modifications that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the Company and/ or not on an arm's length basis, shall require approval of shareholders through resolution (after due approval by the Board).
- b) All Material Related Party Transactions, shall require approval of shareholders through resolution (after due approval by the Board).

4.4 General Points:-

- a) All entities falling under the definition of Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.



b) Point No. 4.3 shall not be applicable for the following transactions:-

- i. Transactions entered into by WAPCOS with other Government Companies;
- ii. Transactions entered into between WAPCOS and its wholly owned subsidiary whose accounts are consolidated with WAPCOS and placed before the shareholders at the annual general meeting for approval;
- iii. A resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 ("**Insolvency Code**"), as amended.

Explanation: For the purpose of (i) above, "**Government Company/ies**" shall have the samemeaning as defined in Section 2(45) of the Companies Act, 2013."

In case, there is a material or substantial change in terms and conditions of existing Related Party Transaction, then it would be governed by this policy.

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- 5.1 The respective Directors/ Key Managerial Personnel/ Executive Directors/ Functional Heads is responsible for providing notice to the Board or 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.
- 5.2 Executive Directors/ Functional Heads shall intimate to Director (Finance) and to Company Secretary Department within ten (10) days of end of each quarter all the transactions with Related Parties. Based upon above, all the Related Party Transaction shall be put up to the Audit Committee/Board.

6. DISCLOSURES

- 6.1 All required disclosures with respect to Related Party Transactions shall be made in accordance with the requirement of Companies Act and SEBI LODR Regulations. As per Regulation 23(9) of the SEBI LODR Regulations, the Company shall submit within thirty (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.
- 6.2 Details of all material transactions with related parties shall be disclosed along with the compliance report on corporate governance mentioned in clause (a) of sub-regulation (2) of SEBI LODR Regulations.

7. LIMITATION

- (a) In the event of any conflict between the provisions of this Policy and of the SEBI LODR Regulations/ Actor any other statutory enactments, rules, then, the provisions of the Regulations / Companies Act, 2013 or other statutory enactments, rules, as the case may be shall prevail over this Policy and shall be adhered to accordingly by all concerned.

8. POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS



- 8.1 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 exceed the threshold limits prescribed under the SEBI LODR Regulations and/or under Section 188 read with the Companies (Meetings of Board and its Powers) Rules, 2014 of the Act as may be applicable to a particular Related Party Transaction.

Materiality Threshold for Related Party Transaction:

A. Under the Companies Act, 2013

Sr. No.	Nature of Transaction	*Limits for the time being in force (as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014)
1.	Sale, purchase or supply of any goods or materials directly or through appointment of agents.	Amounting to ten percent or more of the turnover of the Company. For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
2.	Buying, selling or disposing of property of any kind directly or through appointment of agents.	Amounting to ten percent or more of the net worth of the Company. For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
3.	Leasing of any kind of property.	Amounting to ten per cent or more of the turnover of the Company. For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
4.	Availing or rendering of any services directly or through appointment of agents.	Amounting to ten percent or more of the turnover of the Company. For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
5.	For appointment to any office or place of profit in the company, its subsidiary company or associate company.	Where monthly remuneration exceeding Rs. 2,50,000.
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company.	For amount exceeding 1% of net worth [^] of the Company.
*shall be considered as amended from time to time in line with the amendment in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 by the Central Government.		
[^] Annual turnover and net worth referred above shall be computed as per audited financial		

Signature

statements for the preceding financial year.

B. As per SEBI LODR Regulations

A Related Party Transaction shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- 8.2 Further, with effect from July 01, 2019, 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 five percent of the annual consolidated Turnover of the Company as per the last audited financial statements of the Company.
- 8.3 The limits specified at serial numbers 1 to 6 in the above table shall apply for transaction(s) to be entered into either individually or taken together with the previous transactions during a financial year.
- 8.4 The Turnover or Net Worth mentioned in above table shall be computed on the basis of the Audited Financial Statement of the preceding financial year. Annual consolidated Turnover shall be as per the last audited financial statements of the WAPCOS Limited.
- 8.5 All Material Related Party Transactions shall require 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:

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

9. MONITORING AND REPORTING

- 9.1 The annual report of the WAPCOS shall contain related party disclosures as specified in Act and as specified in Para A of Schedule V of SEBI LODR Regulations.
- 9.2 The Policy shall also be disclosed on the website of WAPCOS for public information.

10. AMENDMENTS

- 10.1 This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
- 10.2 This Policy shall be governed by Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or such other Rules / Regulations, as may be notified by SEBI from time to time as well as the Companies Act, 2013 read with Rules made therein under, as may be notified by the ministry of corporate affairs and in force for the time being. Accordingly, interpretation of any of the provisions should be made in consistence thereto in the implementation of this policy. Any subsequent notification, circular, guidelines or amendments under Companies Act, 2013, SEBI (LODR) Regulations, Ind AS and all other applicable laws / rules, as may be



issued from time to time shall be mutatis mutandis applicable.

- 10.3 Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

Summary of the approval and consideration/recommendation mechanism under the SEBI LODR Regulations and the Companies Act, 2013

Details of Transaction(s)	Details of Transaction(s) Approving Authority
All Related Party Transactions and any subsequent modification.	Audit Committee
Related Party Transactions which are not in Ordinary Course of Business or not on arm's length basis or both (below threshold limits).	Recommendation by Audit Committee to the Board for approval. Approval by the Board.
Material Related Party Transactions & Related Party Transactions which are not in Ordinary Course of Business or not on arm's length basis or both (above threshold limit). Except the following: i. Transactions entered into between two Government Companies; ii. Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval; iii. A resolution plan approved under section 31 of the Insolvency Code, as amended.	Recommendation by Audit Committee to the Board for approval. Recommendation by the Board to Shareholders. Approval by the Shareholders.

Pravita
