

# WELTERMAN INTERNATIONAL LIMITED

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## RELATED PARTY TRANSACTION POLICY

### 1. PREAMBLE

The Board of Directors (the "Board") of Welterman International Limited (the "Company") has adopted the following policy and procedures with regard to entering into transaction with Related Party Transactions (hereinafter referred as "RPT") from time to time, in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made there under (the "Act") and the Listing Agreement with the Stock Exchange ("Listing Agreements").

The Board will review and amend this policy from time to time as and when necessary or required. The Audit Committee /Board / General Meeting, as applicable shall, subject to requirements of the Act, Listing Agreements and this Policy review, approve and ratify (if permissible) the RPTs in terms of the requirements of this Policy.

### 2. PURPOSE/OBJECTIVE

This Policy is intended to ensure proper approval and reporting of RPTs as applicable, between the Company and related party(ies) in the best interest of the Company and its Stakeholders, shareholders and compliance with the Act and Listing Agreement norms with the Stock exchanges.

### 3. DEFINITIONS

**"Arm's length transaction"** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company under the Regulations.

**"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted as per the Regulations.

**"Key Managerial Personnel"** means Key Managerial Personnel ('KMP') as defined in section 2(51) of the Companies Act, 2013 2013 and the Rules made thereunder which include:

- (i) the Chief Executive Officer or the Managing Director or the Manager
- (ii) the Company Secretary;

- (iii) the Whole-time Director; and
- (iv) the Chief Financial Officer and
- (v) such other officer as may be prescribed.

**“Material related party transactions”** is as defined in Annexure 1 to this policy.

**“Ordinary Course of Business”** means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association, Articles of Association or any other applicable factors like market conditions, industry practices etc.

**“Policy”** means Related Party Transaction Policy

**“Related Party” under RC 49 of the Listing Agreement** means an entity which

- 1) is a related party under Section 2(76) of the Companies Act, 2013; or
- 2) is a related party under the Accounting Standard 18 (AS 18) “ Related Party Disclosures”

**“Related Party” under Section 2(76) of Companies Act, 2013 is defined as follows:**

- 1) a director or his relative;
- 2) a key managerial personnel or his relative;
- 3) a firm, in which a director, manager or his relative is a partner;
- 4) a private company in which a director or manager or his relative is a member or director;
- 5) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- 6) anybody 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;
- 7) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (6) and (7) shall apply to the advice, directions or instructions given in a professional capacity;

- 8) any company which is—
  - a. holding, subsidiary or an associate company (includes joint venture) of such company; or
  - b. subsidiary of a holding company to which it is also a subsidiary;
- 9) Director, other than an independent director, or Key Managerial Personnel of the holding company or his relative shall be deemed to be related party.

**Related Party” under Accounting Standard 18 is defined as follows:**

- i) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting

- enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- ii) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
  - iii) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
  - iv) Key management personnel and relatives of such personnel; and
  - v) Enterprises over which any person described in (iii) or (iv) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

**“Relatives”** under section 2(77) of the Companies Act, 2013 and the Rules thereunder is defined as follows:

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 in such manner as may be prescribed, which is as follows:
  - a. Father (including step-father)
  - b. Mother (including step-mother)
  - c. Son (including step-son)
  - d. Son's wife
  - e. Daughter
  - f. Daughter's husband
  - g. Brother (including step-brother)
  - h. Sister (including step-sister)

**“Related Party Transaction”** ('RPT') means all the transactions between the Company on one hand and one or more related party/ parties on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/ or RC49 of the Listing Agreement.

## **4. POLICIES AND PROCEDURES**

### **A. APPROVAL PROCESS**

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- Transactions which are repetitive in nature;
- The Audit Committee satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- Such omnibus approval shall specify the following:

- a) Name(s) of the Related Party;
  - b) Nature of the transaction;
  - c) Period of transaction;
  - d) Maximum amount of transaction that can be entered into;
  - e) The indicative base price / current contracted price and the formula for variation in the price, if any, and;
  - f) Such other conditions as the Audit Committee may deem fit.
- In such cases where the need for Related Party Transaction cannot be foreseen 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;
  - The Audit Committee shall review, atleast 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 approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

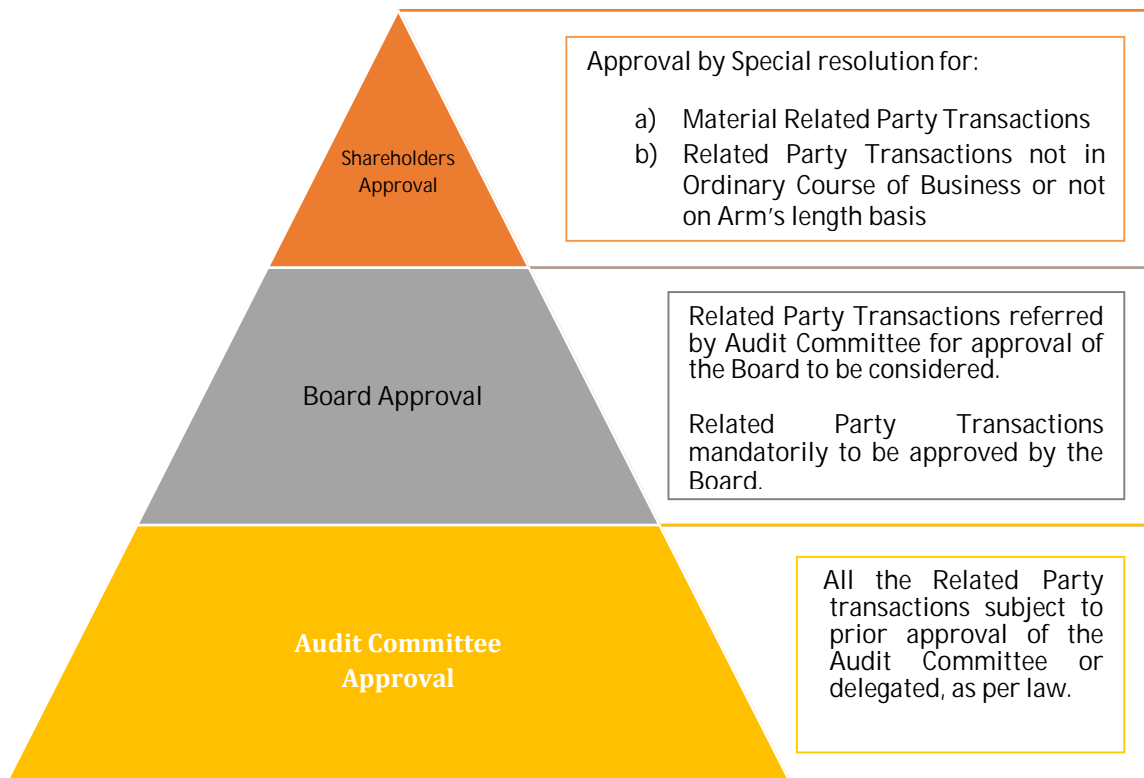
In the case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm length or both and the Related Party shall abstain from voting on such resolutions.

In the event transaction, contract or arrangement with the Related Party exceeding the limits prescribed under Companies Act, 2013 and rules made thereunder is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

The following types of transactions require approval from shareholders:

- i. Transactions not in the ordinary course of business;
- ii. Transactions in the ordinary course of business if not done at an arm's length; and
- iii. Material Transactions as defined under clause 49 (VII) (C) of the Listing Agreement.

## **Policy Framework**



### **B. POLICY FOR IDENTIFICATION OF RELATED PARTIES**

- On an annual basis, the Company Secretary shall request a disclosure from each Director and each KMP and other related party/ parties within the meaning of section 2(76), 184 and 189 of the Companies Act, 2013 and Clause 49 of the Listing Agreement in the prescribed format as specified in the regulations.
- Directors and KMP's would be responsible for promptly notifying the Company Secretary in case of any changes/ updates occurring in the related party / parties and in respect of details pertaining to such related parties declared by them.
- Any individual appointed/ elected as a Director or KMP shall be responsible to promptly complete and submit to the Company Secretary, the disclosure declaration referred above.
- The Company Secretary shall be informed in advance regarding RPT who shall put up or present the same to the Audit Committee / Board for its review and approval.

### **C. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may

consider appropriate including ratification, revision or termination of the Related Party Transaction. In connection with any review of a Related Party Transaction, the Committee has authority to propose to the Board to modify or waive any procedural requirements of this Policy.

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.

#### **D. PRIOR PERIOD TRANSACTIONS/CONTRACTS/ARRANGEMENTS**

All existing Material Related Party Contracts or Arrangements as on 17<sup>th</sup> April, 2014, (the date of SEBI circular No. CIR/CFD/POLICY CELL/2/2014) which are likely to continue beyond 31<sup>st</sup> March, 2015 shall be placed for approval of the shareholders in the first General Meeting subsequent to 1<sup>st</sup> October, 2014.

Contracts for Companies Act, 2013 Related Party Transactions entered into by the Company, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before 1st April, 2014 will not require fresh approval under the said section 188 and under this policy till the expiry of the original term of such contracts. Thus if any modification in such contract is made on or after 1st April, 2014, the requirements under Section 188 and this policy will have to be complied with.

#### **E. EXCEPTION**

Notwithstanding the foregoing, the following Companies Act 2013 Related Party Transactions (only if they are not Material Related Party Transactions) shall not require approval of Board or the Shareholders:

- Any transaction that involves the providing of remuneration to a Director or KMP which he is entitled as Director or KMP, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise as per the policies of the Company.
- 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 as the Related Party.

#### **F. DISCLOSURES**

- The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.
- The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.
- This Policy will be communicated to all operational employees and other concerned persons of the Company.

## **5. NON-COMPLIANCE**

- Non-compliance may lead to invocation of punitive provisions under the Companies Act, 2013.
- Such a Contract shall be voidable at the discretion of the Board.
- The Company may proceed against the concerned Director/ employee and recover the loss sustained as a result of such transaction.

## **6. INTERPRETATION**

- Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.
- In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

## **7. AMENDMENT**

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

## ANNEXURE 1

### MATERIAL RELATED PARTY TRANSACTION

SR. NO.	PRESCRIBED TRANSACTION CATEGORY	COMPANIES ACT, 2013	CLAUSE 49 OF EQUITY LISTING AGREEMENT
		<b>(Lower of the two thresholds)</b>	
1.	Sale, purchase or supply of any goods or materials directly or through agents	Transactions exceeding 10% of company's annual turnover* or 100 crore, whichever is lower**	Exceeding 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company
2.	Selling or otherwise disposing off, or buying, property of any kind directly or through agents	Transactions exceeding 10% of company's net worth* or 100 crore, whichever is lower**	
3.	Leasing of property of any kind	Transactions exceeding 10% of company's net worth* or 100 crore, whichever is lower**	
4.	Availing of or rendering any services directly or by appointing agents	Transactions exceeding 10% of company's net worth* or 50 crore, whichever is lower**	
5.	Related party's appointment to any office or place of profit in the Company or its subsidiary company or associate company	Monthly remuneration exceeding INR 0.25 million (per month)	
6.	Underwriting the subscription of any securities or derivatives thereof of the company	Transactions exceeding 1% of Company's net worth*	
7.	Any other related party transaction	N.A.	

\* The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding financial year

\*\* Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year