

WAAREE ENERGIES LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “**Board**”) of Waaree Energies Limited (the “**Company**”) has adopted this Policy upon recommendation of the Audit Committee and it includes the materiality threshold and the manner of dealing with Related Party Transactions (“**Policy**”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. It shall be effective from the date of listing of the securities of the Company on Stock Exchanges.

2. OBJECTIVE

- i.** This Policy is intended as follows:
 - a) To ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.
 - b) To ensure high standards of Corporate Governance while dealing with related parties.

- ii.** The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

- i.** “**Act**” means the Companies Act, 2013 and the Rules framed thereunder.

- ii.** “**Audit Committee**” or “**Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Act.

- iii. **“Arm’s Length”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest and such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income- tax Act, 1961.
- iv. **“Board”** means the **Board** of Directors of the Company as defined under the Act.
- v. **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Act.
- vi. **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company
- vii. **“Related Party”** mean a related party as defined under Section 2(76) of the Companies Act, 2013 and sub regulation 2(zb) of the SEBI (LODR) Regulations, 2015 or under the applicable accounting standards.

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

As per Rule 3 of Companies (Specification of Definitions Details) Rules, 2014- A Director (other than Independent Director) or Key Managerial Personnel of the holding company or his relative with reference to a Company, shall be deemed to be related party.

- viii. **“Related Party Transaction”** as per 2(zc) of Listing Regulations means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes following related party transactions as per the section 188 of the Companies Act, 2013
 - a. Sale, purchase or supply of any goods or materials;
 - b. Selling or otherwise disposing of, or buying property of any kind;
 - c. Leasing of property of any kind;

- d. Availing or rendering of any services;
- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

The above is an indicative list and not an exhaustive one.

- ix. **“Relative”** means a relative as defined under Section 2(77) the Act.
- x. **“Transactions”** with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations including amendments thereof, Indian Accounting Standards (IND AS); and or any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

4. POLICY

- i. The Audit Committee shall review and approve all Related Party Transactions based on this Policy.
- ii. All proposed Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval/ omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy and applicable laws.

iii. IDENTIFICATION OF RELATED PARTIES

- a) The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Regulations.

- b) Each director and Key Managerial Personnel has the responsibility of providing notice to the Board or Audit Committee of any potential Related Party Transaction involving such Director or KMP or his or her Relative. He must also share any additional information about the transaction that the Board/Audit Committee may reasonably require. It shall be the duty of the Board or the Audit Committee to determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Company insists that such notice of any potential Related Party Transaction shall be issued within 7 days of such Director/ KMP receiving the knowledge of such Transaction. This will ensure that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

iv. IDENTIFICATION OF RELATED PARTY TRANSACTIONS:

- a) Every Director and Key Managerial Personnel will be responsible for providing a details consisting of their directorship along with the shareholding and list of relative to the Company Secretary on an annual basis.
- b) Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

v. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transaction. A member of the Committee who (if) has a potential interest in any Related Party Transaction will abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such transaction is considered.

CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

- a) 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 and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- 1) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
 - 2) The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - 3) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
 - 4) Whether the Related Party Transaction would affect the independence or present 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 interest, 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 Committee deems relevant.
- b) While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve/sustain market share, changing market dynamics, local competitive scenario, economic/regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

APPROVAL BY AUDIT COMMITTEE THROUGH CIRCULAR RESOLUTION

In the event the Company management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction which are on arm's length basis and in the ordinary course of business may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be noted/ratified by the Committee at its next scheduled meeting.

APPROVAL OF THE AUDIT COMMITTEE

- (i) All transactions to be entered with Related Parties shall be entered into only after prior approval of Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances set out below.
- (ii) The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
 - (a) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) The maximum value per transaction which can be allowed;
 - (c) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) Review, at such intervals as the Audit Committee may deem fit, of Related Party Transaction entered into by the Company pursuant to each omnibus approval made; and
 - (e) Transactions which cannot be subject to the omnibus approval by the Audit Committee.
- (iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
 - (a) repetitiveness of the transactions (in past or in future); and
 - (b) justification for the need of omnibus approval.

Provided that where the need for Related Party Transactions cannot be foreseen and details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees 1 crore per transaction.
- (iv) The omnibus approval shall provide details of (a) the name/s of the Related Party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into; (b) basis of arriving at 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.
- (v) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions transacted into by the Company pursuant to the omnibus approval given.
- (vi) The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.
- (vii) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

APPROVAL OF THE BOARD

All Transactions which are not in the Ordinary course of business or that qualify as an Arm's Length Transaction will be put up for prior approval of the Board.

APPROVAL OF THE SHAREHOLDERS

In case the Company has a paid-up share capital exceeding the amount as may be prescribed or the value of the specified transaction exceeds the prescribed thresholds under the Companies Act read with applicable rules, it will be also be put up for prior approval of the shareholders in accordance with the requirements under the Companies Act. 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 approval of the shareholder shall not be required 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.

Provided further that approval of the shareholders shall not be required for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

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, 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

5. DISCLOSURE AND REPORTING

- a) Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board meeting.
- b) The Company shall disclose to the stock exchange along with the compliance report on corporate governance on a quarterly basis details of all transactions with Related Parties exceeding the materiality threshold.
- c) The Company 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.
- d) Director's report shall contain details of Related Party Transactions as required under the Companies Act.

Any other disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.

6. LIMITATION

In the event of any conflict between the provisions of this Policy and Listing Regulations /Companies Act, 2013 or any other statutory enactments such Listing Regulations /Companies Act, 2013 or any other statutory enactments shall prevail over this Policy.

7. DISSEMINATION OF POLICY

This Policy or the important provisions of this policy shall be disseminated to all concerned departments/ persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

8. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise. The policy shall be reviewed by the board of directors at least once every three years including clearly specifying threshold limits and updated accordingly.
