

Welspun Specialty Solutions Limited's

POLICY ON TRANSACTIONS WITH THE RELATED PARTIES (Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Object:

This policy is intended to ensure the proper approval and reporting of transactions between the Company and the Related Parties. Such transactions are appropriate only if they are in the interest of the Company and the stockholders. The Company is required to disclose the transactions between the Company and Related Parties. In addition, the Audit Committee and the Board will review any Related Party Transactions involving non-employee directors as part of the annual determination of their independence.

The Committee / Board will review and may amend this policy from time to time.

2. Definitions:

The terms "Arm's Length Transaction", "Related Party" or "Related Parties", "Relative", "Related Party Transactions" and "Securities" shall have the same meaning as assigned to them under the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015("Listing Regulations") and Accounting Standard as recommended by the Institute of Chartered Accountants of India. The term "Material Related Party Transaction(s)" shall have the same meaning as assigned to it under Regulation 23 of the Listing Regulations.

*"Material modification" means any subsequent change to an existing pre-approved Transaction with a Related Party, having variance of 10% of the existing limit or Rs.10 Crore, whichever is higher."*¹

The following shall not be deemed Related Party Transactions:

- (a) Any transaction that involves the reimbursement or advance to director or Key Managerial Personnel to meet expenditure in the course of his or her duties to the Company or its subsidiaries or affiliates, in compliance with the Companies Act, 2013 and the rules made thereunder;
- (b) Any transaction in which the interest of Related Party 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.

¹ Inserted vide the Board approval dated May 23, 2022 as recommended by the Audit Committee on May 23, 2022 as per the amended Regulation 23 of the SEBI (LODR), 2015 effective from April 1, 2022

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“**Ordinary Cause of Business**” means normal, regular business activities carried out by the Company in line with the objects clause in its Memorandum and Articles of Association or which are in furtherance to its business objectives.”

3. Procedure for identification of potential related parties

The Company Secretary or the Compliance Officer (as the case may be) shall at all times maintain a database of Company's Related Parties , identified on the basis of the definition set forth in the Key Definition section above, , in consultation with the Finance Department, along with their personal/company /entity details including any revisions therein

4. Identification of Potential Related Party Transactions:

Each director, nominee for director and Key Managerial Personnel is responsible for providing written notice to the Board of Directors of any potential Material Related Party Transaction involving him or her or his or her Relative(s), including any additional information about the transaction that the Board may reasonably request. The Board after discussion among themselves and if required in consultation with the outside counsel, as appropriate, 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 Material Related Party Transaction well in advance so that the Chief Financial Officer / Head of Finance has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority.

The CFO/ Head of Finance of the Company shall ensure that the Related Party Transactions entered in to by the Company are supported by requisite documentation to substantiate the compliance of policy.

At every Audit Committee Meeting, the Chief Financial Officer of the Company shall certify to the Committee that the transactions entered into in the reporting quarter were in ordinary course of business and at arm's length in terms of the aforesaid policy and in other cases approval of the Audit Committee, the Board and the shareholders as applicable has been obtained.

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To review a Related Party Transaction, the Audit Committee / Board shall be provided with all relevant material information of the Related Party Transaction, as required to be provided under the Act and the Listing Regulations, 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.

5. Review and Approval of Related Party Transactions:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or any other manner as provided by the Act and Rules made thereunder.

Omnibus approval

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to compliance with following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify:-
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price, if any, and
 - (iii) such other conditions as the Audit Committee may deem fit;
- d. Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

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- e. 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 approvals given;
- f. Such omnibus approvals shall be valid for a period not exceeding financial year and shall require fresh approvals after the expiry of such financial year.
- g. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - (i) Transactions which are not at arm's length or not in the ordinary course of business
 - (ii) Transactions exceeding materiality thresholds as laid down in Clause 6 of the Policy
 - (iii) Transactions in respect of selling or disposing of an undertaking of the Company
 - (iv) Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to Equity, bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
 - (v) Any other transaction the Audit Committee may deem not fit for omnibus approval

Ratification of Related Party Transactions:

The Members of the Audit Committee, who are Independent Directors, may ratify related party transactions in accordance with the provisions of the Act and the Listing Regulations.

A Transaction which is not in ordinary course or not at arm lengths or not a material related party transaction shall require approval of Board of Directors.

Any member of the Audit Committee and / or the Board who has a potential interest in any Related Party Transaction shall recuse himself or herself and abstain from participating in the meeting, but may participate in all or a portion of the Committee's / Board's discussions of the Related Party Transaction, if requested by the Chair of the Committee/ Board.

6. Shareholders' approval of Related Party Transactions:

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All Material Related Party Transactions, even if the same are at arm's length and are in the ordinary course of business will be referred to the Audit Committee and the Board for review and approval and the shareholders for approval. All Related Party/ies shall abstain from voting on such resolutions.

Provided that the Material Related Party Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the Board or shareholders or Audit Committee.

7. Factors to be considered in approving Related Party Transactions

In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board shall consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a. Terms of the Related Party Transaction, where such Related Party Transaction is on arm's length basis;
- b. Whether the Related Party Transaction is in the ordinary course of business or not;
- c. Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- d. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the alternative available to the Company, if any;
- e. Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;
- f. Whether the Related Party Transaction would present an improper conflict of interest for any director, nominee for director or Key Managerial Personnel of the Company.
- g. Price Valuation for Sale / Purchase of Securities

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- Listed Securities - In case if security to be transacted is listed on any recognized stock exchange in India / overseas, then consideration price shall be as follows:-
 - If Security routed through Stock Exchange - In this case price will be at the current market price only
 - If security transacted through off market route - In this case, price shall be the average of the lowest and highest price of such securities listed on the stock exchange on the transaction date or such other price as prescribed under SEBI Regulations.
- Unlisted Securities - In case if the security is not listed on any recognized stock exchange, the consideration price shall be the arm's length price on the basis of valuation report from registered Valuer.

8. Reporting requirements:

- a. All Related Party Transactions must be reported to the Chief Financial Officer / Head of Finance.
- b. Disclosure shall be made in accordance with the provisions of the Act, Listing Regulations and Accounting Standard.
- c. The Company shall submit the disclosure of related party transactions in the format specified under the Act, Listing Regulations and Accounting Standard.

9. Review

The Company Secretary is authorized to amend the Policy to give effect to any changes / amendments notified under the Act, the Listing Regulations and the Accounting Standard.

The amended Policy shall be circulated to the Board for noting and ratification.

Policy revised by the Board and adopted on January 27, 2025