

## **RELATED PARTY TRANSACTION POLICY**

### **1. Preamble / Purpose of this policy:**

The Waterbase Limited (“Waterbase” or “Company”) is a professionally governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions (“RPT”) and also on dealing with Related Party Transactions.

- A. Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.
- B. The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review and may amend the policy from time to time.

### **2. Definitions**

- A. “**Act**” shall mean the Companies Act, 2013 and includes any amendment thereof.
- B. “**Audit Committee**” means Audit Committee of the Board of Directors of the Company.
- C. “**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.
- D. “**Material RPT**”- means an RPT with thresholds as prescribed under the Listing Regulations. a transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1000 Crore or 10% of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013. Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board. Transaction involving payment made to related party with respect to brand usage or royalty, exceeding 2% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.
- E. “**Material modification**” means any subsequent change to an existing RPT, having variance of 20% of the existing limit or Rs.10 crores whichever is lower.
- F. “**Ordinary course of business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

**G. Related Party Transaction means** transfer of resources, services or obligations between a company and related party, regardless of whether a price is charged and would include a transaction specified under section 188(1) the companies Act, 2013.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

### **3. Review and approval of Related Party Transaction**

Approval of Related Party Transactions will be as under:

#### **A. Audit Committee**

- a) All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee prior to enter into the proposed transaction. This approval should be given only by the independent directors who are the members of the audit committee. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- b) Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- c) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- d) The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- e) A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

- f) The Audit Committee shall also pre-approve related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value crosses the thresholds as prescribed under the Listing Regulations.

## **B. Board of Directors**

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being

- not in the ordinary course of business, or
- not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction.

On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

## **C. Shareholders**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

4. The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
5. 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 Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

### **6. Exclusions:**

The following RPTs will not be put up for approval as permitted under law:

- A. Transactions between the Company and its Wholly Owned Subsidiary (WOS) (if the Company is preparing consolidated accounts and placing the same before its shareholders for approval)
- B. Transactions between two WOS of the Company (if the Company is preparing consolidated accounts and placing the same before its shareholders for approval)
- C. Issue of specified securities on preferential basis subject to compliance of applicable SEBI Regulations.
- D. Corporate actions as under as the same are uniformly applicable to all shareholders:
- E. In addition to the above, since the transactions or arrangements mentioned below are specifically dealt under different provisions of the Law/policy of the Company and executed under separate approvals, no approval of Audit Committee will be taken for:

#### **7. Reporting of Related Party Transactions**

- A. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- B. The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.

#### **8. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

#### **9. Disclosure of the Policy**

This Policy will be uploaded on the website of the Company.

Revised Policy adopted on May 12, 2022

**Recommended by Audit Committee**

**Sd/-  
(Anil Kumar Bhandari)  
Chairman**

**Approved by Board**

**Sd/-  
(Varun Aditya Thapar)  
Chairman**