



WHIRLPOOL OF INDIA LIMITED

RELATED PARTY TRANSACTIONS POLICY

(Effective from April 1, 2016)

(Revised with effect from 1st April, 2019)

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

Preamble

The Board of Directors (the “Board”) of Whirlpool of India Limited (the “Company” or “WOIL”), acting upon the recommendation of its Directors and Audit Committee (the “Committee”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its related parties.

Purpose

This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its related party. Further, policy on related party transaction has been formulated in order to comply with the requirement of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 (previously under clause 49 of listing agreement) and the Companies Act, 2013.

Definitions

In this Policy, the following terms, words, expressions and specific definitions shall have the meaning set forth below and shall stand amended because of any regulatory amendments, notifications and clarifications etc in the applicable Laws, Rules and Regulations.

- a. **“Accounting Standards”** means the standards of accounting or any addendum thereto for the companies or class of companies referred to in Section 133 of the Companies Act, 2013
- b. **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.
- c. **“Board”** means Board of Directors of the Company.
- d. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- e. **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes:
 - I. Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
 - II. Chief Financial Officer; and
 - III. Company Secretary
- f. **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. In case of payment to a Related Party for brand usage or royalty the materiality threshold will be 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company”

- g. **“Policy”** means Policy on dealing with Related Party Transactions.
- h. **“Related Party”** means related party as defined in Regulation 2(zb) of SEBI LODR Regulations 2015 which is as follows:
“related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards
- i. **“Related Party under Section 2(76) of the Companies Act, 2013”** means
- (i) a director or his relative;
 - (ii) a key managerial personnel or his relative;
 - (iii) a firm, in which a director, manager or his relative is a partner;
 - (iv) a private company in which a director or manager or his relative is a member or director;
 - (v) 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;
 - (vi) any body 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;
 - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;
 - (viii) any company which is—
 - a. a holding, subsidiary or an associate company of such company; or
 - b. a subsidiary of a holding company to which it is also a subsidiary;
 - (ix) such other person as may be prescribed from time to time.
 - (a) A director (other than independent director) or key managerial personnel of the holding, company of such company or his relative;
- j. **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.
- k. **“Arm’s Length Transaction”** means as defined under Companies Act, 2013 a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- l. **“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –
- a. They are members of a Hindu undivided family ;
 - b. They are husband and wife ; or
 - c. Father (including step-father)
 - d. Mother (including step-mother)
 - e. Son (including step-son)
 - f. Son’s wife
 - g. Daughter
 - h. Daughter’s husband
 - i. Brother (including step-brother)
 - j. Sister (including step-sister)

Policy

In accordance with the provision of Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) all proposed Related Party Transactions will be reviewed and approved by the Audit Committee, Board of Directors and shareholders of the Company, as the case may be and disclosed by the Company.

Identification of Related Party

Related party has been identified in accordance with applicable laws which include Companies Act 2013, SEBI Listing Regulations and relevant accounting Standard.

Procedures for identification of Potential Related Party Transactions

Related Party Transactions will be brought to management's and the Board's attention in a number of ways. Each of our directors and executive officers is instructed and periodically reminded to inform the Office of the Company Secretary about any potential Related Party Transactions. In addition, each such director and executive officer gives annual disclosures designed to elicit information about any potential Related Party Transactions.

Any potential Related Party Transactions that are brought to our attention are analyzed by our Legal and Finance Department, in consultation with management and with outside counsel, if required; to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Procedures for review and approval of related party transactions

At each of its meetings, the Audit Committee will be provided with the details of each new, existing or proposed Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party. In determining whether to approve a Related Party Transaction, the Committee will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction:

- whether the terms of the Related Party Transaction are at arm's length basis to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
- whether there are business reasons for the Company to enter into the Related Party Transaction;
- whether the Related Party Transaction would affect the independence of an outside director; and
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and

- Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.
- If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Audit Committee who has an interest in the transaction under discussion will abstain from voting. Upon completion of its review of the transaction, the Committee may determine to permit or to prohibit the Related Party Transaction.

In case there is any conflict between this policy and the applicable laws including clarifications etc, the matter shall be considered in view of the applicable laws including clarifications etc.

Omnibus approval of related party transactions

Notwithstanding anything contained in the policy, the Audit Committee may grant omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature, as per following criteria:

- a) the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- b) the maximum value per transaction, or maximum value of all transactions in aggregate, in a financial year, which can be allowed shall be as prescribed under Section 188 read with Rule 15 and other provisions, for a particular kind of transaction;
- c) minimum disclosure required for seeking approval shall be as prescribed under Section 188 read with Rule 15 and other provisions, for a particular kind of transaction;
- d) details of all such related party transactions entered into under authority of omnibus approval of the Committee, be placed before the Committee for its review on atleast quarterly basis and such transactions be placed before the Board within a period of three months from the date of transaction for approval/ ratification of the Board, if required.

- e) where the need for related party transactions cannot be foreseen and required details are not available beforehand, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction; In case such transaction exceeds the threshold limit of Rs. 1 Crore and Company propose to continue the omnibus approval of the Audit Committee for said transaction, in such scenario, to continue the said transaction the Company is required to give the necessary disclosures/ information before the Audit Committee and Audit Committee shall evaluate such transaction in light of the above mentioned criteria's for Omnibus approval of Audit Committee;
- f) omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company or transactions which may require specific approval of the Audit Committee or Board and cannot be considered for omnibus approval under applicable provisions of law;
- g) such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals for after the expiry of that financial year;
- h) such other conditions as the Audit Committee may deem fit.

Determination of Arm Length Price

The arm's length principle and the transfer pricing methodologies prescribed under the Indian Income-tax Act, 1961 ('IT Act') as well as associated domestic and international guidance shall be referred to determine arm length price relating to all related party transactions.

Committee / Board to seek details

While reviewing any Related Party Transaction, the Audit Committee and/or the Board shall be at liberty to call for more information/details/advise/opinion from the following persons:

- Any employee
- Internal Auditor
- Statutory Auditor
- Cost Auditor
- Secretarial Auditor
- Legal Advisor
- External Expert/Consultant

Related Party Transactions not approved under this Policy

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 matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds are placed before the shareholders for approval.

For the purpose of SEBI Listing Regulations and for the purpose of this Policy materiality threshold would be determined as following

- Payment to a Related Party with respect to brand usage or royalty – 2% of the annual consolidated turnover of the Company as per last its audited financial statements.
- Other transactions with a Related Party - 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (Related Parties can cast only negative vote to reject the shareholders resolution on material Related Party Transactions).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

Revision/Amendment

This policy, including definition and other provisions of the policy shall stand amended because of any regulatory amendments, clarifications etc. in the applicable laws, rules and regulations. In case of any amendment(s), clarification(s), circular(s), notification(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 of this policy.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.