

Related Party Transactions Policy of Voith Paper Fabrics India Limited

1. Preamble

This Policy on Related Party Transactions is framed in pursuance of requirements of Clause 49 of Listing Agreement with the Stock Exchange.

2. Purpose

The Board of Directors of Voith Paper Fabrics India Limited has adopted the following policy and procedures which are to be applied in relation to related party transactions (RPT) of the company.

It is intended to ensure the proper approval and reporting of transactions between the company and its related parties, in accordance with the applicable provision of the Companies Act, 2013 and Listing Agreement or any other law for the time being in force.

3. Definitions

“Act” shall mean the Companies Act, 2013 and includes any amendment thereof.

All terms used in this Policy shall have the meaning assigned to such term in the Act and the Rules thereunder and the Listing Agreement, as amended from time to time.

4. Procedure

4.1 Approval by Audit Committee

All contracts or arrangements with a related party would be preferably made with the consent of Audit Committee. Any member of the Audit Committee who has a potential interest in RPT will abstain/recuse himself/herself from discussion and voting on the approval of RPT.

While approving a RPT, the Committee would consider factors namely, fairness of terms of transaction; whether at arm's length basis or not; business reasons; whether affecting independence of directors; and potential reputational risks, if any, etc.

However, Audit Committee may grant omnibus approval for Related Party

Transactions that are of repetitive nature, subject to following conditions:

- a. 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 price, if any; and
 - (iii) such other conditions as Audit Committee may deem fit;
- b. Audit Committee shall review, at least on a quarterly basis, details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- c. Such omnibus approval shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of one year.

A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification, revision, modification or termination. The Committee would also examine the facts & circumstances for failure of reporting of such RPTs in advance and would suggest suitable remedial actions, as deemed fit by the Committee, so as to avoid similar occurrences in future.

4.2 Approval by Board of Directors

All related party transactions which are not in the ordinary course of business and not at arm's length, shall also require approval of the Board of Directors of the Company as per requirements of Section 188 of Companies Act, 2013.

In connection with any review of a RPT, the Committee / Board has authority to modify or waive any procedural requirements of this policy.

4.3 Approval of Shareholders

Approval of shareholders shall be sought for those transactions which are either 'material' in nature or the value of such transaction, taken together with previous transactions during a financial year, exceeds the limits specified under the applicable provisions of Companies Act, 2013, & rules specified in this behalf and, as amended from time-to-time.

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However, no member shall vote on such resolution to approve any contract or arrangement in which such member is a related party.

5. Limitation & Amendment

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