

Related Party Transactions Policy of Voith Paper Fabrics India Limited

1. Preamble

The Board of Directors ("the Board") of Voith Paper Fabrics India Limited (the "Company" or "VPFV"), has adopted the following Policy and procedure in relation to Related Party Transactions.

The Policy envisages procedures required to be followed by the Company in relation to the Related Party Transactions (RPTs), to ensure compliance with the applicable Laws and Regulations.

2. Objective

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) provides, among other things, that the Company shall formulate a Policy materiality of Related Party Transactions and on dealing with Related Party Transactions.

This Policy intends to comply with the requirements of Listing Regulations, as amended from time to time, and the Companies Act, 2013 read with Rules and Regulations made thereunder and is intended to ensure proper approval, disclosure and reporting requirements of the transactions entered between the Company and its Related Parties.

The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations.

3. Definitions

"Act" shall mean the Companies Act, 2013 and applicable Rules made thereunder in this regard, as amended.

"Listing Regulations" shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in this regard, as amended.

All terms used in this Policy shall have the meaning assigned to such term in the Act and/or the Listing Regulations, as amended from time to time.

4. Material Modification in RPT

Material modification shall mean and includes any modification to an existing Related Party Transaction having variance of 30% of the existing value limit, as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

5. Procedure

5.1 Approval by Audit Committee

All RPTs, including any subsequent material modifications thereto, would be carried out with prior consent/approval of the Audit Committee of the Board of the Company. 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 such 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 RPTs 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.

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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.

Any subsequent amendment/modification in the “Act” or “**Listing Regulations**”, in this regard, shall automatically apply to this Policy.

5.2 Approval by Board of Directors

All RPTs which are not in the ordinary course of business and not at arm's length basis, shall also require approval of the Board of Directors of the Company as per requirements of applicable provisions of the “Act” and/or the requirements of “**Listing Regulations**”, if any.

5.3 Approval of Shareholders

Shareholders' approval shall be required, if RPT is:

- (i) Material RPT and subsequent Material Modification thereto, as per the provisions of “**Listing Regulations**”; or
- (ii) Not in the ordinary course of business, or not at arm's length price basis and exceeds the specified thresholds prescribed under the “Act”.

However, any member of the company who is a related party, shall not vote on resolution, passed for approving such RPTs.

5.4 Disclosures

The Company shall disclose the particulars of all contracts or arrangements entered with the Related Parties in such form and manner as may be required under the provisions of the “Act” and “**Listing Regulations**”.

The Company shall disclose this Policy on its website and also a web link thereto shall be provided in its annual report.

6. Limitation & Amendment

In the event of any conflict between the provisions of this Policy and of the “Act” or “**Listing Regulations**”, the provisions of such “Act” or “**Listing Regulations**”, shall prevail over this Policy.