

**POLICY ON**

**MATERIALITY OF AND DEALING WITH**

**RELATED PARTY TRANSACTIONS**

**OF**

**GONTERMANN-PEIPERS (INDIA) LIMITED**

## **OBJECTIVE OF THE POLICY**

The Board of Directors (the "**Board**") of Gontermann-Peipers (India) Limited (the "**Company**"), has adopted this Policy on Materiality of and Dealing with Related Party Transactions as required in terms of Clause 49(VII) of the Listing Agreement.

This Policy provides a framework to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

### **1. Definitions**

- 1.1 "**Audit Committee (Committee)**" means Committee of Board of Directors of the Company constituted under provisions of the Listing Agreement as well as the Companies Act, 2013;
- 1.2 "**Board**" means Board of Directors of the Company;
- 1.3 "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- 1.4 "**Key Managerial Personnel**" means key managerial personnel as defined under the Companies Act, 2013;
- 1.5 "**Related Party**" means related party as defined in Clause 49 of the Listing Agreement, which interalia provides that an entity shall be considered as related to the Company if:
  - (a) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
  - (b) Such entity is a related party under the applicable Accounting Standards.

1.6 **“Material Related Party Transaction under Companies Act 2013”**

means a transaction as defined under section 188(1) of the Companies Act, 2013 with a related party defined under section 2(76) of the said Act where the aggregate value of the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the said Act from time to time;

1.7 **“Material Related Party Transaction under Listing Agreement”**

means a transaction covered under clause 49 of the Listing Agreement with a related party as defined hereunder and value of such transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company or such other threshold as may be laid down from time to time by Applicable Laws. Further, transaction with a related party shall be construed to include single transaction or a group of transactions in a contract;

1.8 **“Policy”** means this Policy on materiality of and dealing with Related Party Transactions of Gontermann-Peipers (India) limited ;

1.9 **“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 or not;

1.10 **“Relative”** means relative as defined under Companies Act, 2013 and includes anyone who is related to another if-

- i. They are members of a Hindu undivided family (HUF) ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)

- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister);

1.11 "**Associate Company**" means a Company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture Company;

1.12 "**Significant Influence**" means control of at least 20% of the total Share Capital or of business decisions under an agreement;

1.13 "**Joint Venture**" means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control;

1.14 "**Specific Related Party Transaction**" shall mean any of the following transactions entered into by the Company with any of its Related Parties which are, either not in the ordinary course of business or not on arm's length basis:

- a. sale, purchases or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchases or sale of goods, materials, services or property;
- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company;

1.15 **"Office or Place of Profit"** means any office or place:

i. where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

1.16 **"Responsibility Officer"** means Chief Financial Officer of the Company. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider proper as such Responsibility Officer(s);

1.17 **"Applicable Laws"** means the Companies Act, 2013 and the rules made thereunder, the Listing Agreement and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions;

1.18 **"Arms' 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;

**All terms not defined herein shall take their meaning from the Applicable Laws.**

## **2. Policy**

All Related Party Transactions must be identified and reported to the Audit Committee and also to Directors and Shareholders, wherever necessary, for their approval. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the Listing Agreement.

## **3. Identification of Related Parties.**

The Responsibility Officer shall at all times:

a) Identify and keep on record list of Company's Related Parties, along with their requisite details.

b) The Responsibility Officer shall identify such functional heads, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.

c) The Responsibility Officer shall also set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.

d)The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once in every six months.

e)The Responsibility Officer shall be responsible for implementation and monitoring of the Company's RPT Policy at all times and submit a half yearly report of the same to the Audit Committee for review.

#### **4. Identification of Potential RPTs.**

Each Director, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) is responsible for providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

The Board/Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

#### **5. Review and Approval of RPTs**

##### **A. Approvals**

##### **I. Approval of Audit Committee**

All Related Party Transactions shall require prior approval of the Audit Committee.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions as may be prescribed from time to time.

Provided that transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the General Meeting for approval, shall not require approval from the Audit Committee.

## **II. Approval of Board of Directors**

All the Related Party Transactions under section 188 of the Companies Act, 2013 shall be approved by the Board of Directors of the Company, however this provision will not apply to the transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.

All the Material Related Party Transactions as per Listing Agreement shall be approved by the Board of Directors of the Company.

## **III. Approval of Shareholders**

All the Material Related Party transactions under Listing Agreement, except transactions entered with wholly-owned subsidiary Company, shall be approved by the Shareholders through a Special Resolution and all entities falling under the definition of "Related Parties" with respect to the proposed transaction / contract shall abstain from voting.

**B. Factors to be considered while granting approval to Related Party Transactions**

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

1. Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
2. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
3. Whether the Related Party Transaction would affect the independence of an independent director;
4. Whether the transaction qualifies to be a transaction in ordinary course of business and at arms' length;
5. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
6. 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 terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director 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.



### **C. Review & monitoring of Related Party Transactions**

The Audit Committee may review and monitor a Related Party Transaction taking into account 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. In connection with review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

### **D. Following transactions not to be considered as Related Party Transactions**

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

I. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

II. Any transaction in which the Related Party's interest 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.

### **6. Requirement of fresh approvals for past contracts, if any**

Contracts entered into by the Company, after making necessary compliances under the Companies Act, 1956, which already came into effect before the commencement of the Companies Act, 2013, i.e. 1st April 2014, will not require fresh approval till the expiry of the original term of such contracts.

## **7. RPTs not approved under this Policy**

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

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

## **8. Existing Related Party Transactions (RPTs)**

This Policy shall operate prospectively and all the agreements which have been entered before the effective date of this policy and are in accordance with the then prevailing laws shall be valid and effective. However, any agreement for material transactions which has been already approved and continued to be operational beyond 31st March 2015, procedure under Item 5 is to be followed.

This Policy will be communicated to all Directors, KMPs, functional heads and other concerned executives of the Company.

## **9. Register**

The Company shall maintain Registers of RPT(s) in Form MBP 4 or such other form as may be prescribed under the Applicable Laws.

## **10. Disclosures/Amendment**

Pursuant to Section 134(3)(h) of the Companies Act, 2013, particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013 shall be disclosed in the Director's Report in the prescribed format.

Details of all Material RPTs shall be disclosed to the Stock Exchanges on a quarterly basis along with the compliance report on corporate governance.

The Company shall disclose the Policy on dealing with Related Party Transactions (RPTs) on its website and a web link thereto shall be provided in the Annual Report of the Company.

The rights to interpret/amend/modify this Policy vests in the Audit Committee/ Board of Directors of the Company.