STOCK. EXG/ AS/ 2018-19

6th February, 2019

The Corporate Relationship Department
Bombay Stock Exchange Limited,
1st Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No.-C/1, 'G' Block,
Bandra- Kurla Complex,
Bandra (E)
Mumbai – 400051

Listing Department
The Calcutta Stock Exchange Ltd.
7 Lyons Range,
Kolkata-700001

Dear Sirs,

Sub : Adoption of Policies as per amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors at its meeting held on 1st February, 2019 had reviewed and made certain changes in the following policies in line with the recent amendments in SEBI (Listing Obligations and Disclosure Requirements), 2015 :

1. Risk Management Policy **(Annexure –A)**
2. Materiality of Related Party Transactions on dealing with related parties **(Annexure –B)**

Copies of above policies are attached pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records, please.

Yours faithfully,
For **BERGER PAINTS INDIA LIMITED**

ANIRUDDHA SEN
SR. VICE PRESIDENT &
COMPANY SECRETARY

Encl.: a/a

A

Risk Management Policy

BACKGROUND

This document lays down the framework of Risk Management at Berger Paints India Limited (hereinafter referred to as the **'Company')** and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and lays down the mitigation methods which are periodically reviewed and modified in a manner commensurate with the size and complexity of the business.

OBJECTIVE

The objective of Risk Management task at Berger Paints India Limited is to preserve shareholder value to the extent practically feasible by identifying and mitigating major operating, and external business risk. An enterprise-wide risk management framework is applied in a manner such that the effective management of risks at different levels and different functions is an integral part of every employee's job.

REGULATORY

Risk Management Policy is framed as per the following regulatory requirements:

A. Companies Act, 2013:

1. Provisions of the Section 134(3)

"There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

(n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company."

2. Section 177(4) stipulates:

"Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—

(vii) evaluation of internal financial controls and risk management systems.

3. Schedule IV [Section 149(8)] :

Code for Independent Directors:

II. Role and functions:

"The independent directors shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues **of.....risk management....**

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(4) satisfy themselves that the .....systems of risk management are robust and defensible."

4. Regulation 4 of the SEBI (Listing Obligations and Disclosure Requirements), 2015:

Key functions of the Board

The board should fulfil certain key functions, including:

a. Reviewing and guiding risk policy

RISK MANAGEMENT

1. The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

2. The Board shall be responsible for framing, implementing and monitoring the risk Management policy for the company.

3. The Board shall define the roles and responsibilities of the Business Process and Risk Management and Audit Committees and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit. Such functions shall specifically cover cyber security. An exposure to any particular commodity will be considered material if the receivable or payable during a financial year on account of a commodity exceeds 20% of the total receivables or payables of the Company during that financial year.

APPLICABILITY

This Policy shall come into force with effect from 15th May, 2015.

DEFINITIONS

"Business Process and Risk Management Committee" means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee may include such advisors and members of the management, as may be required.

POLICY

Broad Principles

The Board has to review the business plan at regular intervals and develop the Risk Management Policy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal. The Company has sought to classify the types of risk as external business and operational.

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Communication of Risk Management Strategy to various levels of management for effective implementation is essential.

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the Business Process and Risk Management Committee along with their considered views and recommendations for risk mitigation.

Analysis of all the risks thus identified shall be carried out by an empowered management committee under the leadership of the MD (MD, CFO, Company Secretary and Chief Internal Auditor) through participation of the vertical/functional heads and a preliminary report thus finalized shall be placed before the Business Process and Risk Management Committee.

Risk Description: To display the identified risks in a structured format

- Name of Risk
- Scope of Risk
- Qualitative description of events
- Nature of Risk
- External Business, Operational
- Quantification of Risk
- Significance and Probability

- Risk Treatment and Control Mechanism
- a) Primary Means b) Monitoring and Review
- Potential Action for Improvement
- Recommendations to Reduce Risk

ROLE OF BUSINESS PROCESS AND RISK MANAGEMENT COMMITTEE

The role of the Business Process and Risk Management Committee shall include the evaluation of risk management systems including those relating to cyber security, the examination of the risk matrix, assessing the mitigation measures and suggesting improvements and greater risk mitigation measures, and examination in detail the business processes which may carry risks.

The minutes shall be placed before all directors including members of the Audit Committee, who will evaluate the same and take action, if required.

REVIEW

This policy shall evolve by review by the Business Process and Risk Management Committee and the Board from time to time as may be necessary.

COMMUNICATION

This policy will be communicated to all vertical/functional heads and other concerned persons of the Company.

B

Related Party Transactions Policy

Berger Paints India Limited has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions (RPTs). Endeavour is consistently made to have only arm's length transactions with all parties including Related Parties. The Board of Directors of the Company has adopted the following policy regarding materiality of related party transactions and also on dealings with Related Parties in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 188 of the Companies Act, 2013.

Related Party

A party will be considered related to the Company if

i. such entity is a related party under Section 2(76) of the Companies Act, 2013;or

ii. such entity is a related party under the applicable accounting standards.

Material Subsidiaries

Material subsidiary in a year shall be a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively of the Company and its subsidiaries, in the immediately preceding accounting year.

Related Party Transaction

Under Regulation 2 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, "related party transaction" means "a transfer of resources , services or obligations between a listed entity and a related party, regardless of whether a price is charged And a "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract" and such related party transaction shall not include reimbursement of any expense incurred in the ordinary course of business.

Materiality of Related Party Transactions

Transaction with a related party shall be considered material if the 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 the last audited financial statements of the company. Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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Dealing with Related Parties

All related party transactions shall require prior approval of the Audit Committee.

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013, the Rules framed thereunder, provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

The aforesaid provisions, other than the provision relating to approval of the Audit Committee, shall not be applicable in the case of transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders and the general meetings for approval.

All entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

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