

FINOLEX CABLES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors (the “Board”) of Finolex Cables Limited (the “Company” or “FCL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Board will review and may amend this policy from time to time based on the recommendation by the Audit Committee.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Purpose

This policy is framed as per the requirement of Regulation 23 of SEBI LODR and in terms of Section 188 of the Companies Act, 2013 and Rules framed thereunder and intended to ensure the proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

Such Related Party transactions are considered appropriate only if they are in the interests of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements and in the Annual Report certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

“Audit **Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Section 177 of the Companies Act, 2013.

“Board” means Board of Directors of the Company

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“**Key Managerial Personnel**” means Key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Executive Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“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 rupees one thousand crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

“Material Modifications”

Material modifications in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 10% or rupees fifty crore, whichever is higher.

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

“**Policy**” means Related Party Transaction Policy.

“Related Party” means related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;
- in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party

A 'Related Party' is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a Company if that person:
 - a. Is a Related Party under Section 2(76) of the Companies Act, 2013 which are as follows:
 - (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 under whose advice, directions or instructions a Director or Manager is accustomed to act

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (i) any Body Corporate 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 ;
 - (C) an Investing Company or the venturer of the Company;

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

- (ii) Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company;
 - or
 - a. has control or joint control or significant influence over the Company; or
 - b. is a Key Management Personnel of the Company or of a parent of the Company; or

2. An entity is related to a Company if any of the following conditions applies:

- a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
- b. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or

- d. Both entities are joint ventures of the same third party, or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; or
- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

“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:

And as mentioned under Section 188 of the Companies Act, 2013 and/or any amendments thereto.

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
3. "Relative" means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if —
- i. They are members of a Hindu undivided family ;
 - ii. They are husband and wife,
 - 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)

4. Policy

This policy sets forth the guidelines towards adherence to various compliance requirements as per the Applicable Law covering but not limited to identifications, approvals and disclosure of related party transactions.

1. Identification of Related Parties:

The Company shall perform the identification of related parties as per the definition of related party provided in the

applicable Laws and regulations, including the Companies Act 2013 and the SEBI Equity listing Agreement as amended from time to time.

The Company shall regularly verify and update the Related Party List and review the same at least once a quarter in accordance with the Applicable Law at the time of such review.

2. Identification of Related Party Transactions (“Covered Transactions”)

As a Policy, Company will periodically identify transactions falling under contracts and arrangements as per the policy Applicable Law entered into with related parties for the consent of the Audit Committee, Board of Directors and shareholders, as applicable.

Currently, the Company has identified the related party transactions and subsequently categorized them into the following segments:

1. Transactions pertaining to Leasing of premises.
2. Transactions pertaining to Procurement of Goods / Fixed Assets / Services.
3. Transactions pertaining to Reimbursement/Recovery of Expenses.

Any other related party transaction identified during the periodic review not covered into the aforementioned category shall be independently reviewed, approved and included as a part of related party policy mechanism.

The Company shall report the transactions of aforementioned categories entered into with related parties

identified as per section one of this policy, and put the same for necessary approvals required as per the Applicable Law.

3. Review Mechanism of Transactions With Related Parties :

For each category of transaction identified as per the section two of this policy, the Company has framed specific framework guidelines explaining the arm's length criteria to be followed by the Company while entering into transactions falling under contracts and agreement with related parties identified as per the section one of this policy. The Company while entering into related party transactions will ensure adherence with the framework guidelines and will maintain necessary documents for the same.

4. Approvals For Transactions With Related Parties Before undertaking any transaction, the Company shall determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with the Applicable law and this policy and if so, ascertain in which of the following categories such transaction should be classified in order to determine the approval requirements:

- a) All transactions with related parties which are in ordinary course of business and are concluded at arm's length shall be entered into only after prior approval of the Audit Committee as required under the Applicable Law.
- b) All Transactions with related parties which are not in ordinary course of business or not as per arm's length pricing or both will be put up to Audit Committee for

information and then for prior approval of the Board in line with the applicable Law. In case the transaction exceeds the prescribed thresholds under the Act, it will be also put up for prior approval from Shareholders through special resolutions. All Material Related Party Transactions will be carried out only after prior approval from Shareholders through resolutions.

The Company will ensure that requisite evidence and documentation are made available to the Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis and are in ordinary course of business.

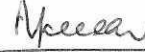
Voting on related party transactions will be carried out in accordance with the Applicable Law.

4. Disclosure And Reporting

- Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board Meeting.
- The Company shall disclose to the Stock Exchange along with the compliance report on Corporate governance on a quarterly basis details of all material transactions with related parties.
- Director's report shall contain details of Related Party Transactions as required under Applicable Law.
- This Policy shall be communicated to all concerned employees and other persons of the Company at all locations for implementation and reporting and will be hosted on the official website of the Company.

The changes that may take place in the relevant provisions of the Companies Act, 2013 read with the applicable Rules framed thereunder and/or in the SEBI Regulations, as applicable shall be deemed to be included in this Policy with effect from the date prescribed in this regard.

For Finolex Cables Limited



Mahesh Viswanathan
Chief Financial Officer