

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 Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and in terms of Section 188 of the Companies Act, 2013 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 best 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 Clause 49 of the Listing agreement and 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 five percent of the annual turnover or twenty percent of the net worth of the Company** as per the last audited financial statements of the Company, **whichever is higher.**

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in Clause 49 of the Listing Agreement which is as follows:

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 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;

(viii) any Company 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 ;

(ix) 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.

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 special 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.