Finolex Industries Limited

Policy on Material Subsidiary

1. Preamble

The Securities and Exchange Board of India's circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 has mandated to form policy on Material Subsidiaries.

FINOLEX INDUSTRIES LIMITED ("FIL" or the "Company") has been incorporated under the Companies Act, 1956 on 28th March, 1981 and is engaged in the production of PVC Resin, PVC Pipes and Fittings and Power.

The Board of Directors (the "Board") of Finolex Industries Limited has adopted the following policy and procedures with regards to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This policy is applicable to the Company with effect from 1st October, 2014. This policy is in terms of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

2. Definitions

2.1 "**Act**" means the Companies Act 2013 including any amendments or modification as may be applicable from time to time.

2.2 "**Audit Committee or Committee**" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Act.

2.3 "**Board of Directors**" or "**Board**" means the Board of Directors of Finolex Industries Limited, as constituted from time to time.

2.4 "Company" means a company incorporated under the Act or under any previous Companies Acts.

2.5 "**Independent Director**" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Regulations.

2.6 "**Policy**" means Policy on Material Subsidiary.

2.7 "**Material Unlisted Subsidiary**" shall mean a Material Subsidiary which is whether incorporated in India or not and is not listed on the Stock Exchanges.

2.8 "**Significant Transaction or Arrangement**" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

2.9 "**Subsidiary**" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

3. Policy on Material Subsidiaries

3.1 A subsidiary shall be a Material Subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3.2 One Independent Director of the Company shall be a director on the Board of the Material Unlisted Subsidiary Company.

3.3 The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

3.4 The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

3.5 The management shall bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

3.6 The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Unlisted Subsidiary.

3.7 The Company and its Material Unlisted Subsidiary incorporated in India shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in Practice, in such form as may be specified time to time.

4. Disposal of Material Subsidiaries

The Company, without the prior approval of the members by Special Resolution, shall not:

a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or

b. ceases the exercise of control over the Subsidiary; or

c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary.

5. Disclosure

The Policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company.

6. Amendment to the policy

This policy is constituted under the provisions of the said Act & Rules. Any dispute between the contents of this policy and Act & Rules, the provisions of Act & Rules will be made applicable to the matter. This policy shall stand amended in accordance with the amendments in the said Act & Rules from time to time. Any amendment to this policy will be in writing.

7. Approval

This Policy is approved by the Board of Directors of the Company at its meeting held on 31st January, 2026.

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