

## FIL Policies- Master document

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INDEX

Sr. No.	Name of Policy	Link
1.	Policy on Sexual Harassment of Women at the Workplace.	<a href="#"><u>Sexual Harassment of Women at the Workplace</u></a>
2.	Whistle Blower Policy.	<a href="#"><u>Whistle Blower Policy</u></a>
3.	Corporate Social Responsibility Policy.	<a href="#"><u>CSR Policy</u></a>
4.	Nomination and Remuneration Policy.	<a href="#"><u>Nomination and Remuneration Policy</u></a>
5.	Related Party Transactions Policy.	<a href="#"><u>RPT Policy</u></a>
6.	Policy on Board Diversity.	<a href="#"><u>Policy on Board Diversity</u></a>
7.	Policy on Material Subsidiaries.	<a href="#"><u>Policy on Material Subsidiaries</u></a>

Finolex Industries Limited -Policy on Sexual Harassment of Women at the Workplace.

**1. Introduction.**

- 1.1. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“Act”) is an Act to protect women against sexual harassment at the workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.
- 1.2. The said Act encompasses every work place within India.

**2. Policy.**

- 2.1. Finolex Industries Limited (“FIL”) is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment.
- 2.2. FIL believes that all employees of the company have the right to be treated with dignity.
- 2.3. Sexual harassment at the work place if involving employees is a grave offence and is, therefore punishable. Any employee found guilty of misconduct will be severely punished

**3. Scope and Effective Date.**

- 3.1 This policy extends to all employees of FIL and is deemed to be incorporated in the service conditions of all employees.
- 3.2 This policy is applicable to all offices, plants and premises (“Workplaces”) of FIL situated in India.
- 3.3 All the provisions of the Act, the Code of Civil Procedures and the Code of Criminal Procedures will be applicable to this policy. Any changes/ amendments to the Act will be applicable to this policy from the date as notified in the Act/ notification.
- 3.4 This policy is effective from the date of the said Act and will continue to be effective throughout the validity of the Act.

**4. Definitions.**

- 4.1 All the definitions as stated in the Act are adopted in this policy without any changes/ amendment.
- 4.2 The below definition is reproduced for the understanding of the employees.

Sexual Harassment: Section 2(n) of the Act, defines Sexual Harassment. It is an inclusive definition. Unless the context otherwise requires Sexual Harassment includes any one or more of the following unwelcome acts or behaviour whether directly or by implication namely:

- a) Physical contact and advances ; or
- b) A demand or request for sexual favour; or
- c) Making sexually coloured remarks; or
- d) Showing pornography; or
- e) Any other unwelcome physical, verbal or non verbal conduct of sexual nature

Section 509 of Indian Penal Code (IPC) dealing with word, gesture or act intended to insult the modesty of a woman reads;

“509. Word, gesture or act intended to insult the modesty of a woman. Whoever, intending to insult the modesty of any woman, utters any word, makes any sound or gesture, or exhibits any object , intending that such word or sound shall be heard, or that such gesture or object shall be seen, by such woman, or intrudes upon privacy of such woman, shall be punished with simple imprisonment for term which may extend to three years, and also with fine.”

## 5. **Complaint Redressal Committee**

- 5.1 The Committee has been constituted for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto at each Plant/ Offices/ Premises of FIL. The Committee is known as “Internal Complaint Committee” (“ICC”).
- 5.2 FIL will nominate the members on the Committee from time to time for each of the workplaces in terms of the provisions of the Act. The Committee shall have atleast four members, which consist of ;
- a) The Presiding Officer (Chairperson) shall be a Woman, employed at a senior level. She will be from the work place or from some other place of work.
  - b) At least two employees preferably committed to the cause of Woman or who have experience in social work or have legal knowledge.
  - c) One member from a non- government organisation or association committed to the cause of Women or a person familiar with issues relating to sexual harassment.

Half of the members nominated shall be women.

Every ICC member shall hold office for a maximum period of three years from the date of nomination.

## 6. **Redressal Process**

- 6.1 Complaint of sexual harassment: a) any aggrieved woman may make, in writing, a complaint of sexual harassment at the workplace to the ICC immediately but not later than three months from the date of last incident. b) Where the aggrieved woman is unable to make a complaint on account of her physical or mental incapacity or death or otherwise, her legal heir or such other person as may be prescribed in the Act may make the complaint.

In certain circumstances, at the discretion of the ICC, this time limit of three months may be extended. The ICC may, for the reasons to be recorded in writing, extend the time limit not exceeding three months, if it satisfied that the circumstances were such which prevented the woman from filing a complaint within the said period.

- 6.2 Conciliation: The ICC, may, before initiating an inquiry under the Act and at the request of the aggrieved woman take steps to settle the matter between her and respondent through conciliation. In case a settlement has been arrived, the ICC shall record the settlement and forward the same to the employer or such other authority, so that action can be taken as specified in the recommendation. The ICC shall forward the copies of the settlement to the aggrieved woman and respondent. However where the settlement is arrived, no further inquiry shall be conducted by the ICC.
- 6.3 Inquiry into Complaint: Where the respondent is an employee, the ICC shall proceed to make an inquiry into the complaint in accordance with the provisions of the service rules or proceed to make an inquiry as may deem fit and if a prima facie case exists, it will forward the complaint to the police,

within a period of seven days for registering the case under section 509 or any other relevant provisions of the Indian Penal code.

The ICC may apply the following process during the inquiry proceedings or any other process as fit and proper in order to complete the inquiry.

- a) The ICC shall give notice of seven days, informing the aggrieved woman and the respondent of its decision, by hand delivery or Registered Post A/D duly acknowledged to the aggrieved woman and respondent. The respondent shall appear for the first date of the inquiry which shall be specified in the given notice. The notice shall state that the aggrieved woman and the respondent will be given an opportunity of producing evidence, examining witnesses etc.
- b) The ICC shall conduct an inquiry into the complaint by interviewing the aggrieved woman and respondent and any witnesses, determining if there are individuals with direct or indirect information regarding the complaint, and, if so, by interviewing them or by obtaining information from any other persons and making such inquiries as it sees fit.
- c) During the course of the inquiry, the aggrieved woman and the respondent shall be called separately to ensure freedom of expression and an atmosphere free of intimidation. In addition the ICC should call upon all witnesses mentioned by both parties either, separately or together.
- d) Power to issue interim orders: The ICC can decide upon the matter. It may be necessary to implement such measures including transferring/ changing shift of the aggrieved woman / witness(es) or respondent to protect the aggrieved woman or witnesses against victimization or discrimination. Or may issue such other interim orders as may be deemed necessary to ensure the safety of the aggrieved woman or supporter or witness(es).
- e) The ICC shall complete its inquiry within ninety days from the date of the complaint, record its findings in writing and take appropriate action.
- f) On the completion of the inquiry, the Committee shall submit a written report. The document shall specify the details of the charge against the respondent, all evidences and the reasons by which the ICC has reached its decision
- g) All the complaints made under this policy shall be confidential and it shall be the duty of the members of the ICC to ensure that its confidentiality is maintained forever. The ICC may disclose the contents of the inquiry to such statutory authorities in such a form as may be necessary or prescribed.

6.4 Withdrawal of complaint: At any point of time the aggrieved woman can withdraw her complaint, with or without reason.

6.5 Penalty: The ICC is empowered to take any action during and after the inquiry proceedings and may pass an appropriate order including imposition of penalties, punishments and other actions as may be necessary and the same includes but is not limited to a written apology to the aggrieved woman, compensation to the aggrieved woman, punishment, fine, withholding increment, suspend or termination of employment, demotion or such action deemed fit by the ICC.

6.6 Report: On completion of an inquiry under this policy or Act, the ICC shall provide a report of its findings to the employer or to such authorities as may

be necessary under the Act within a period of ten days from the date of completion of the inquiry. This report may be made available to any concerned party.

- a) Where the ICC arrives at the conclusion that the allegation against the respondent has not been proved, it shall recommend to the employer and to other relevant authorities that no action is required to be taken in the matter.
- b) Where the ICC arrives at the conclusion that the allegation against the respondent has been proved, it shall recommend to the employer and to other relevant authorities to take action for sexual harassment as a misconduct in accordance with the service rules or in such a manner as prescribed.

The FIL Management or other relevant authority shall act upon the recommendation within sixty days of its receipt.

### **7 Punishment for false or malicious complaint and false evidence:**

Where the ICC arrives at a conclusion that the allegations against the respondent are malicious or the aggrieved woman or any other person making the complaint has made the complaint knowing it to be false or produced any forged documents, it may recommend to the employer or other relevant authorities to take action against the woman or the person who has made the complaint under this Act, in accordance with the provisions of service rule as applicable.

However mere inability to substantiate a complaint or provide adequate proof need not attract action against the complainants under this Act.

### **8 Appeal**

Any person aggrieved from the recommendation made under this policy or Act or non implementation of such recommendations may prefer an appeal to the court or tribunal in accordance with the provisions of the service rules as applicable to the said person or under such rules in any other law time being in force, as applicable to the matter, may prefer an appeal in such manner as may be prescribed. The appeal shall be preferred within a period of ninety days of the recommendation.

### **9 Committee to submit annual report.**

For each calendar year, the ICC shall prepare, an annual report and submit the same to FIL Management and other relevant authorities.

Note: This policy is framed under the provisions of the said Act and any dispute between the contents of this policy and the Act and, the provisions of Act will be made applicable to the matter. This policy stands amended in accordance with the amendments in the said Act from time to time.

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[Index](#)

# Finolex Industries Limited-Whistle Blower Policy

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## 1. PREAMBLE

- a. Finolex Industries Limited (the “Company”) is committed to adhere to the highest standards of ethical, moral and legal principles for the purpose of ensuring efficiency in the conduct of its business operations. Any actual or potential violation of the ethics, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of ethical behavior cannot be undermined.
- b. It is required for all listed companies to establish a mechanism or an avenue known as the “Whistle Blower Policy” for all employees. It enables employees to report to the management instances of unethical behavior, actual or suspected fraud, transgression of legal or regulatory requirements or violation of the Company’s code of conduct or ethics policy.
- c. Furthermore, the Securities and Exchange Board of India in its press release no. 12/2014 dated 13<sup>th</sup> February, 2014 approved the proposal to align the provisions of the listing agreement with the provisions of the newly enacted Companies Act, 2013 which inter alia provides for a compulsory whistle blower mechanism.
- d. Pursuant to Section 177 (9) of the Companies Act, 2013 it is obligatory for the listed companies to establish a vigil mechanism for directors and employees to report genuine concerns in such a manner as may be prescribed.
- e. In addition, Section 177 (10) of the Companies Act, 2013 provides that the vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimization of director(s)/ employee(s) who use such a mechanism and make provisions for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.
- f. Accordingly, this Whistle Blower Policy (“the Policy”) has been formulated with a view to provide a mechanism for directors and employees of the Company to approach the Ethics Counselor/Chairman of the Audit Committee of the Company. The Policy is approved by the Board of Directors of the Company at its meeting held on 12<sup>th</sup> May, 2014.
- g. The Policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up any grievance about a person or official situation.

## 2. Definitions

The definitions of some of the key terms used in the Policy are given below:

- a. **“Alleged Wrongful Conduct”** shall mean violation of law, infringement of Company’s Code of Conduct or ethic policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.
- b. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.
- c. **“Code of conduct”** means the Code of Conduct of the Company.
- d. **“Directors”** means directors appointed on the Board of the Company including executive, non-executive, independent and nominee directors.
- e. **“Ethics Counselor”** means the Managing Director or Wholetime Director or any one or more Key Managerial Person appointed by the Board of Directors of the Company in accordance with Section 203 of the Companies Act, 2013 including any amendments thereto.
- f. **“Employee”** means every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.
- g. **“Good faith”** shall imply the absence of unethical and improper activity or any other alleged wrongful conduct forming a reasonable basis for making a protected disclosure under the Policy.
- h. **“Investigators”** means those person(s) or committee nominated, authorised, appointed, consulted or approached by the Ethics Counselor/Chairman of the Audit Committee and includes the auditors of the Company and the police.
- i. **“Protected disclosure”** means any communication made in good faith that discloses or demonstrates information that may prima facie evidence unethical or improper activity or alleged wrongful conduct, which are not in the best interest of the Company.
- j. **“Subject”** means a person or group of persons against or in relation to whom a protected disclosure has been made or evidence gathered during the course of an investigation.
- k. **“Unethical and/or Improper Activity”** means an activity which does not conform to the approved standard of social and professional behavior thereby resulting in unethical business practices.
- l. **“Whistle Blower or Whistle Blower’s”** means an employee making a protected disclosure under the Policy.

### 3. **Scope**

- a. The Whistle Blowers' role is that of a person reporting with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers' should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Ethics Counselor or the Chairman of the Audit Committee or the Investigators.
- c. Protected disclosure will be appropriately dealt with by the Ethics Counselor or the Chairman of the Audit Committee, as the case may be.

### 4. **Eligibility**

All directors and employees of the Company are eligible to make protected disclosures under the Policy. The protected disclosures may be in relation to matters concerning the Company but not limited to;

- a. Abuse of authority
- b. Breach of contract
- c. Negligence causing substantial and specific danger to public health and safety
- d. Manipulation of the Company data/records
- e. Financial irregularities, including fraud or suspected fraud
- f. Criminal offence
- g. Pilferation of confidential/propriety information
- h. Deliberate violation of law/regulations
- i. Wastage/misappropriation of Company funds/assets
- j. Breach of code of conduct or rules
- k. Any other unethical, biased, favored or imprudent event.

The Policy should not be used in place of the Company grievance procedure or be a route for raising malicious or unfounded allegations against colleagues.

### 5. **Disqualifications**

- a. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a *mala fide* intent.
- c. Whistle Blowers, who make three or more protected disclosures, which have been subsequently found to be *mala fide*, frivolous, baseless, malicious, or reported otherwise than in good faith, will be disqualified from reporting further protected disclosures under the Policy. In respect of such Whistle Blowers, the Company/Audit Committee would reserve its right to take/recommend appropriate disciplinary action.

## 6. Procedure

- a. All protected disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- b. In respect of all other protected disclosures, those concerning the Ethics Counselor and employees at the levels of Vice Presidents and above should be addressed to the Chairman of the Audit Committee of the Company and those concerning other employees should be addressed to the Ethics Counselor of the Company. The Ethics Counselor may refer the matter to the Chairman of the Audit Committee considering the importance of the matter.
- c. The contact details of the Chairman of the Audit Committee and of the Ethics Counselor of the Company are as under:
  - i. Chairman, Audit Committee,  
Finolex Industries Limited  
Address : D1/10, MIDC, Chinchwad, Pune 411019  
Tel : +91 22 22661981  
e-mail : [advnsni@rediffmail.com](mailto:advnsni@rediffmail.com)
  - ii. Ethics Counselor,  
Finolex Industries Limited  
Address : D1/10, MIDC Chinchwad, Pune 411 019,  
Maharashtra State, India  
Tel : +91 20 2740 8200 Fax: +91 20 27474444  
e-mail : [ssmath@finolexind.com](mailto:ssmath@finolexind.com)
- d. If a protected disclosure is received by any executive of the Company other than the Chairman of Audit Committee or the Ethics Counselor, the same should be forwarded to the Company's Ethics Counselor or the Chairman of the Audit Committee for further action. Appropriate care must be taken to keep the identity of the Whistle Blower confidential.
- e. Protected disclosures should preferably be reported in writing so as to ensure a clear understanding of the improper activity involved or issues raised and should either be typed or written in legible handwriting in English, Hindi or the regional language of the place of employment of the Whistle Blower. The same should be transcript in English, if necessary.
- f. The protected disclosure should be forwarded with a covering letter which must bear the identity of the Whistle Blower, that is, his/ her name, employee number and location. It should be sent in a sealed envelope, and clearly marked as "Protected disclosure". The Chairman of the Audit Committee / Ethics Counselor, as the case may be, shall detach the covering letter and forward only the protected disclosure to the Investigators for investigation.
- g. Protected disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for a proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- h. Anonymous disclosures will not be entertained as it would not be possible to interview the Whistle Blowers.
- i. Employees can make protected disclosure to the Chairman of the Audit Committee / Ethics Counselor as soon as possible but not later than 30 days after becoming aware of it. The Chairman of the Audit Committee / Ethics

Counselor, at their discretion, may grant additional time on a written request by the Whistle Blower. Such a written request shall specify the reason(s), if any, for the delay.

## **7. Investigation**

- a. All protected disclosures reported under this Policy will be thoroughly investigated by the Ethics Counselor/ Chairman of the Audit Committee of the Company who will investigate/ oversee the investigations under the authorization of the Audit Committee.
- b. The Ethics Counselor/ Chairman of the Audit Committee may at their discretion, consider involving any outside investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Ethics Counselor/ Chairman of the Audit Committee is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle.
- d. The identity of a subject will be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. The Subject will normally be informed of the allegations at the outset of a formal investigation and will have the opportunity to provide any inputs during the investigation.
- f. The Subject of the investigation shall have a duty to co-operate with the Ethics Counselor/ Chairman of the Audit Committee or any of the Investigators during the investigation to the extent that such co-operation will not compromise or self-incriminate protections available under the applicable laws. .
- g. The Subject of the investigation has a right to consult with a person or persons of their choice, other than the Ethics Counselor/ Investigators and/or members of the Audit Committee and/or the Whistle Blower. The Subject shall be free at any time to engage counsel at own cost to represent the Subject in the investigation proceedings.
- h. The Subject should not interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subject of the investigation.
- i. Unless there are compelling reasons not to do so, the Subject will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrongdoing against the Subject shall be considered as maintainable unless there is reasonable evidence in support of the allegation.
- j. The Subject has the right to be informed of the outcome of the investigation. If the allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- k. The investigation shall be completed normally within 45 days of the receipt of the protected disclosure

## 8. Protection

- l. No unfair treatment will be given to a Whistle Blower by virtue of his/her having reported a protected disclosure under the Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to the Whistle Blower against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making any further protected disclosures. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the protected disclosure. Thus, if the Whistle Blower is required to give evidence in a criminal or disciplinary proceeding, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.
- m. A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- n. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Whistle Blowers are cautioned that their identity may become known for reasons outside the control of the Ethics Counselor / Chairman of the Audit Committee (e.g. during investigations carried out by Investigators).
- o. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

## 9. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Ethics Counselor / Chairman of the Audit Committee when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior, and observance of legal and professional standards.
- c. Investigations will be launched only after a preliminary review which establishes that:
  - i. the alleged act constitutes an unethical or improper activity or conduct, and
  - ii. either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review.

## 10. **Decision**

If an investigation leads the Ethics Counselor/ Chairman of the Audit Committee to conclude that an unethical or improper activity has been committed, the Ethics Counselor/ Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as the Ethics Counselor/ Chairman of the Audit Committee deems fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

## 11. **Reporting**

The Ethics Counselor shall submit a report to the Chairman of the Audit Committee on a regular basis about all protected disclosures referred to him/her since the last report, together with the outcome of the investigations, if any.

## 12. **Retention of documents**

All protected disclosures in writing or documented along with the results of an investigation relating thereto shall be retained by the Company for a minimum period of seven years.

## 13. **Review**

A quarterly report with the number of complaints received under the Policy and their outcome shall be placed by the Ethics Counselor before the Audit Committee and the Board.

## 14. **Secrecy/Confidentiality**

The Whistle Blower, the Subject, the Investigators and everyone involved in the process shall:

- a. maintain complete confidentiality/ secrecy of the matter.
- b. not to discuss the matter in any informal/social gathering/social media/meeting.
- c. discuss only to the extent or with the persons required for the purpose of completing the process and investigations.
- d. not to keep the papers unattended anywhere at any time.
- e. keep the electronic mails/files under a secure password.

If anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit.

## 15. **Disclosure**

The details of establishing the whistle blower mechanism shall be disclosed on the website of the Company and in the Board's report.

## 16. **Amendment**

The Company reserves the right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the employees unless the same is notified to the employees in writing.

17. **Annual Affirmation**

The Company shall annually affirm that it has not denied access to the Audit Committee to any person.

The affirmation shall form part of the Report on Corporate Governance in the Annual Report of the Company.

\*\*\*\*

[Index](#)

## **Finolex Industries Limited- Corporate Social Responsibility Policy** **(CSR Policy).**

### **1. PREAMBLE**

The Government of India, Ministry of Corporate Affairs by its notification dated 27<sup>th</sup> February, 2014 made the provisions of section 135 of the Companies Act, 2013 (the “Act”) and schedule VII of the said Act relating to Corporate Social Responsibility applicable to the Company with effect from 1<sup>st</sup> April, 2014.

The Companies (Corporate Social Responsibility Policy) Rules 2014 (“**CSR Rules**”) are notified on 27<sup>th</sup> February 2014 and are effective from 1<sup>st</sup> April 2014.

FINOLEX INDUSTRIES LIMITED (“FIL” or the “Company”) has been incorporated under the Companies Act, 1956 on 28<sup>th</sup> March, 1981 and is engaged in the production of PVC Resin, PVC Pipes and Fittings and Power. As a responsible corporate citizen, FIL shall give preference to the local area and areas around it where it operates to improve the quality of people living, lay special emphasis on education, skill development, environment, health, community development, social welfare and promotion of cultural activities as more particularly defined in the said provisions of law. FIL is committed to operate in an economically, socially and environmentally sustainable manner and to work in these areas beyond the statutory requirements.

FIL has formulated its Corporate Social Responsibility Policy as under:

### **2. Definitions.**

- 2.1 **Act** means the Companies Act, 2013 including any amendments as may be applicable from time to time.
- 2.2 **Average Net Profit** means net profit as computed in accordance with section 198 of the Act.
- 2.3 **Corporate Social Responsibility (“CSR”)** means and includes but is not limited to:-
  - i) Projects or programs relating to activities specified in Schedule VII of the Act; or
  - ii) **Projects or programs** relating to activities undertaken by the Board of Directors of a Company (“Board”) in pursuance of recommendations of the Corporate Social Responsibility Committee of the Board as per this policy of the Company and will cover subjects enumerate in Schedule VII of the Act.
- 2.4 **CSR Activities** means the activities which may be included by the Company in its CSR Policy in accordance with Schedule VII of the Act.
- 2.5 **CSR Committee** means the Corporate Social Responsibility Committee of the Board of Directors referred to in section 135 of the Act.
- 2.6 **CSR Policy** means the Corporate Social Responsibility Policy of the Company formulated and recommended by the CSR Committee to the Board of Directors of the Company.
- 2.7 **Net Profit** as defined in the said CSR Rules means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act.
- 2.8 Word and expressions used and not defined in the Rules but defined in the Act shall have the same meaning respectively assigned to them in the Act.

3. **CSR Committee.**
  - 3.1 Corporate Social Responsibility Committee shall be formed by the Board of Directors. The Committee shall have three or more Directors, out of which at least one Director shall be Independent Director.
  - 3.2 The Board of Directors shall nominate Directors as Members of the CSR Committee from time to time.
  - 3.3 The presently nominated members of the CSR Committee are :
    - (i) Mr. Prakash P. Chhabria
    - (ii) Mr. Sanjay S. Math
    - (iii) Mrs. Ritu P. Chhabria
    - (iv) Dr. Sunil U. Pathak
  
4. **CSR Committee Responsibility.**

The Corporate Social Responsibility Committee shall:

  - 4.1 Formulate and recommend to the Board a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act including any amendments or modification from time to time as applicable.
  - 4.2 Recommend the amount of expenditure to be incurred on the activities referred to in 4.1.
  - 4.3 Monitor the Corporate Social Responsibility Policy of the Company from time to time.
  - 4.4 Monitor and ensure that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company.
  - 4.5 Ensure that all the income accrued to the Company by way of CSR activities is credited back to the CSR corpus.
  - 4.6 Review and comply with the requirements of the provisions of the Act, CSR Rules and periodical disclosure requirements.
  
5. **CSR Activities.**
  - 5.1 The CSR activities shall be undertaken by the Company as per this policy by way of projects or programs or activities (either new or ongoing) in India, excluding the activities undertaken in pursuance of the normal course of business. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
  - 5.2 The Board may decide to undertake CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the company or subsidiary or associate company under Section 8 of the Act or otherwise and subject to conditions as specified in the CSR Rules.
  - 5.3 The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with the CSR Rules.
  - 5.4 CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities, approved by the Board on the recommendation of CSR Committee, but shall not include a) any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act. b) CSR projects or programs or activities that benefit only the employees and their families. c) Contribution

of any amount directly or indirectly to any political party under section 182 of the Act.

5.5 CSR activities include:-

- i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) Ensuring environmental sustainability, ecological balances, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of arts, setting up of public libraries, promotion and development of traditional arts and handicrafts;
- vi) Measures for the benefit of armed forces veterans, war widows and their dependents,
- vii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x) Rural development projects.

The list of CSR projects or programs which the Company plans to undertake will fall within the purview of schedule VII of the Act. The modalities of execution of such project or programs and implementation schedule for the same will be monitored as per Annexure I.

**6. Amount of CSR expenditure.**

The Board of Directors shall ensure that the Company spends, in every financial year, atleast two percent of average net profits of the Company made during the three immediately preceding financial years, in pursuance of this CSR policy. If the Company fails to spend such amount, the Board shall, in its report made under Section 134 (3) (o) of the Act specify the reasons for not spending the amount.

**7. Disclosure**

The Company shall disclose the contents of the CSR Policy in its Board's report in the format given in the CSR Rules and the same shall be displayed on the Company's website.

**8. Amendment to CSR Policy.**

- 8.1. This policy is constituted under the provisions of the said Act & CSR Rules. In the event of any dispute between the contents of this policy and Act & CSR Rules, the provisions of Act & CSR Rules will be made applicable to the matter. This policy shall stand amended in accordance with the amendments in the said Act & CSR Rules from time to time.
- 8.2. Any amendment to this policy will be in writing except as stated in 8.1 above.

**9. Approval**

This CSR Policy is approved by the Board of Directors of the Company at its meeting held on 12<sup>th</sup> May, 2014.

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[Index](#)

# **FINOLEX INDUSTRIES LIMITED- NOMINATION AND REMUNERATION POLICY.**

## **NOMINATION AND REMUNERATION POLICY**

### **1. PREAMBLE**

- 1.1 Finolex Industries Limited (the 'Company') recognizes the importance of attracting, retaining and motivating personnel of high caliber and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.
- 1.2 The Companies Act, 2013 *vide* sub-section (3) of section 178, the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement as amended by the Securities and Exchange Board of India *vide* Master Circular dated April 17, 2014 makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.
- 1.3 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company and its controlled entities in fulfilling its responsibilities to shareholders by :
  - 1.3.1. Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, *inter alia*, considers qualification, positive attributes, area of expertise and number of Directorships and memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.
  - 1.3.2. ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance; and
  - 1.3.3. ensuring that the nomination processes and remuneration policies are equitable and transparent.
- 1.4 The responsibilities of the Committee include :
  - 1.4.1 formulating a criteria for determining qualifications, positive attributes and independence of a director;
  - 1.4.2 recommending to the Board of Directors a policy or recommendation, relating to the appointment and remuneration for the directors, key managerial personnel and other employees which includes one level below key managerial personnel;
  - 1.4.3 formulating a criteria/ recommendation for evaluation of performance of independent directors and the Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;
  - 1.4.4 devising a policy/ recommendation on Board diversity; and

- 1.4.5 identifying persons who are qualified to become directors and who may be appointed as part of the 'senior management' or core management team of the Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such personnel.
- 1.5 This Nomination and Remuneration Policy has been formulated with a view to :
- 1.5.1 Consider selection, appointment of directors including independent directors, key managerial personnel and one level below key managerial personnel in compliance of the provisions of the Companies Act, 2013 and Listing Agreement with stock exchange(s) and devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;
  - 1.5.2 encourage personnel to perform to their highest level;
  - 1.5.3 provide consistency in remuneration throughout the Company; and
  - 1.5.4 offer incentives on the premise of aligning the performance of the business with the performance of key employees and teams within the Company.
- 1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company.

## 2. DEFINITIONS

Some of the key terms used in the Nomination and Remuneration Policy are as under :

- 2.1 **'Board'** means the Board of Directors of Finolex Industries Limited or the Company.
- 2.2 **'Committee'** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with section 178 of the Companies Act, 2013.
- 2.3 **'Director'** means a director appointed on the Board of the Company including executive; non-executive; and independent directors.
- 2.4 **'Employee'** means every employee of the Company (whether working in India or abroad), including the directors in the employment of the Company.
- 2.5 **'Key managerial personnel'** includes managing director, or chief executive officer or manager and in their absence, a whole-time director; company secretary; and chief financial officer.
- 2.6 **'Member'** means a director of the Company appointed as member of the Committee.
- 2.7 **'Nomination and Remuneration Policy'** shall mean the policy of remuneration of directors, key managerial personnel and other employees of the Company formulated by the Nomination and Remuneration Committee.
- 2.8 **'One Level below KMP or Senior management'** means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management who are one level below the executive directors commonly known as the functional heads.

## 3. NOMINATION AND REMUNERATION COMMITTEE

- 3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as members of the Committee from time to time.
- 3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries.
- 3.3 The presently nominated members of the Committee are nominated by the Board of Director. The Board will nominate Directors on the Committee, from time to time.
- 3.4 In respect of the policy on Board Diversity, the Committee shall ensure that the Board has requisite number of independent, executive and other category of Directors as prescribed in the Companies Act, 2013, Rules made thereunder and Listing Agreement including amendments, as may be applicable from time to time.

#### **4. LETTER OF ENGAGEMENT OR CONTRACT OF EMPLOYMENT**

- 4.1 Non-executive directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package, the availability of the latter being contingent upon fulfillment of certain expectations of the Company measured by benchmarks of performance.
- 4.2 Executive directors, key managerial personnel and senior management employees shall enter into a contract/ employment contract or acceptance of appointment/ increment letter ("contract of employment") with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.
- 4.3 The Committee and the Board must approve the contracts of employment for the senior management and directors.
- 4.4 The Board shall disclose the terms and conditions of any contract of employment in accordance with the law and the employment rules, as applicable from time to time.

#### **5. REMUNERATION STRUCTURE**

##### **5.1 Remuneration to Executive Directors, Key Managerial Personnel and Senior Management**

The Board shall, in consultation with the Committee approve and finalize the forms of remuneration to be offered to executive and non-executive directors, key managerial personnel, senior management and other employees. The remuneration package shall be composed of amounts that are fixed and variable and the endeavor of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

##### **5.1.1 Fixed Remuneration**

The contract of employment entered into by the executive directors, key managerial personnel and senior management employees with the Company shall demarcate a fixed gross annual salary or base salary payable to the employee. The fixed remuneration or salary shall be determined according to complexities of the position and role of the employee, the relevant laws and regulations, conditions prevalent in

the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

#### 5.1.2 Performance based remuneration or incentive or Ex-gratia bonus based payments

The performance or incentive or Ex-gratia bonus based payments shall form part of the variable component of the salary payable to the employee. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting short and long term performance objectives appropriate to the working of the Company and designed to lay emphasis on the direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by employees in the Company. Incentive-based payments take into account factors such as performance of the employee, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.

#### 5.1.3 Severance Fees or Termination Benefits

Each contract of employment entered into by the executive directors, key managerial personnel and senior management employees with the Company shall demarcate in advance the entitlement to payment upon termination of employment for each employee or shall part of employee's service contract or appointment letter. Making of such payments shall be approved by the Board and the Committee and shall be in consonance with the Nomination and Remuneration Policy of the Company.

#### 5.1.4 Employee Benefits

The Company shall comply with all legal and industrial obligations in determining the benefits available with employees, namely short-term benefits such as salaries, social security contributions, bonuses, post-employment benefits such as gratuity, other long-term employee benefits.

### **5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS**

The Nomination and Remuneration Committee and/ or Board of Directors shall carry out performance review of each of the Director at least once a year. According to the performance of each Director, the Company shall pay remuneration to non-executive directors in such a manner so as to attract and maintain high quality members on the Board. Non-executive directors shall receive a fixed remuneration, for their service. Nonexecutive directors shall not be entitled to any performance-based incentives, bonus payments or retirement benefits. Board of Directors shall be authorised to decide any other mode of remuneration, as may be agreed upon by resolution passed by the Board at the meeting.

### **6. DISCLOSURE**

6.1 The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.

6.2 Payments to non-executive directors shall be either disclosed in the Annual Report of the Company and/ or put up on the website of the Company and reference drawn thereto in the Annual Report as per mandatory requirement or decided by the Key Managerial person from time to time. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.

6.3 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely :

6.3.1 All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;

6.3.2 Details of fixed component and performance linked incentives, along with the performance criteria;

6.3.3 Service contracts, notice period, severance fees; and

6.3.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

## **7. REVIEW AND IMPLEMENTATION**

7.1 The Key Managerial Person shall conduct an evaluation of performance for all employees on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

7.2 The remuneration package payable to the employees of the Company shall be approved by the Committee or Board, as may be applicable from time to time.

7.3 The Committee shall be responsible for monitoring the implementation of the policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating a sustainable value for shareholders of the Company. Any amendment in the Act, Rules will be applicable from the date of the notification. This policy will be deemed to be amended from such date. Chairman of the Committee shall be authorised to amend the policy from time to time.

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[Index](#)

## **Finolex Industries Limited Related Party Transactions Policy** **(RPT Policy).**

### **1. PREAMBLE**

The Government of India, Ministry of Corporate Affairs have made the provisions of section 188 and 189 of the Companies Act, 2013 (the “Act”) relating to Transactions with related parties applicable effective 1<sup>st</sup> April, 2014 as applicable to the Company.

Further 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 materiality of Related Party Transactions and also on dealing with Related Party Transactions.

FINOLEX INDUSTRIES LIMITED (“FIL” or the “Company”) has been incorporated under the Companies Act, 1956 on 28<sup>th</sup> March, 1981 and is engaged in the production of PVC Resin, PVC Pipes and Fittings and Power. During the course of business and attaining its objectives, FIL will require to enter into transactions with related parties.

FIL has formulated RPT policy as under:

### **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 Section 2(76) of the Companies Act, 2013**

Related Party (“RP”) as defined in Section 2(76) means-

- 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 partner;
- iv) a private company in which a director or manager is member or director;
- v) a public company in which a director or manager is a director or holds alongwith his relatives, more than two percent 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 on whose advice, directions or instructions a director or manager is accustomed to act:  
provided that nothing of 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) such other person as may be prescribed. or

#### **2.3 Related Party as defined in SEBI circular**

- A. 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 include following.

- B. A person or a close member of that person's family is related to a company, if that person:
    - a. is related party under Section 2(76) of the Companies Act, 2013; or
    - b. has control or joint control or significant influence over the company; or
    - c. is a key management personnel of the company or of a parent of the company; or
  - C. An entity is related to a company if any of the following conditions applies:
    - a) The entity is 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 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 plan, the sponsoring employers are also related to the company;
    - g) The entity is controller 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)
- 2.4 **“Control”** means as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 2.5 **“Related Party Transaction”** means contract or arrangement relating to:-
- a) a transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged.
  - b) sale, purchase or supply of any goods or material;
  - c) selling or otherwise disposing of, or buying, property of any kind;
  - d) leasing of property of any kind;
  - e) availing or rendering of any services;
  - f) appointment of any agent for purchase or sale of goods, materials, services or property;
  - g) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
  - h) underwriting the subscription of any securities or derivatives thereof, of the company.
- 2.6 **“Material Related Party Transaction”** means 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 net worth of the company as per last audited financial statements of the company, whichever is higher.

2.7 Word and expressions used and not defined in this policy but defined in the Act shall have the same meaning respectively assigned to them in the Act.

**3. Policy and procedure for dealing with Related Party Transactions.**

- a. The company shall keep one or more register giving separately the particulars of all contracts or arrangements to which Section 184(2) or Section 188 applies. Such registers shall include related party names addresses, business carried on by them and nature of relationship shall be recorded. This register shall be constantly kept updated. Such registers shall be placed before the Board for approval and directors present shall sign the register.
- b. Provisions of Section 184 (2), 188 and 189 of the Companies Act, 2013 shall be strictly followed.
- c. All Related Party Transactions shall require prior approval of the Audit Committee. The Audit Committee may decide to give fixed period or amount approval for the transactions with related parties made in normal course of business.
- d. All Related Party Transactions shall require consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such other conditions as may be prescribed.
- e. All material Related Party Transactions/arrangement or Related Party Transactions /arrangement entered into by Company which are not in its ordinary course of business and are not Arms' Length basis shall require prior approval of shareholders by special resolution. No Related parties shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the Company.
- f. No member of the Board who is a related party shall vote in respect of any matter concerning a related party transaction especially on grant of approval to the transaction.
- g. Transactions requiring prior approval of the board must be presented to the Board as part of the agenda with full details and justifications as to price and other terms and conditions and preferably be sent at least seven days before the date of the meeting.
- h. In respect of transactions entered into in the ordinary course of business with a related party the Board shall ensure and keep on record that it is entered into at arm's length. Arm's length basis shall mean a transaction between to related parties that is conducted as if they were unrelated so that there is no conflict of interest and also at the prevailing market prices without an element of favoritism or to the detriment of companies' financial & commercial interests or reputation. Arm's length basis determination of price paid / received should be on uncontrolled comparable price method and should satisfy the requirements of domestic transfer pricing rules as contained in chapter X of the Income Tax Act, 1961.
- i. Wherever feasible quotations, offers, bids tenders shall be invited from the public, before any contract or arrangement is entered into with a related party.
- j. In case of transactions on a continuous basis, Board's approval shall be taken in advance for a defined period and upto a defined limit as a cap. If there is any variation in facts or circumstances, it shall be brought to the notice of the Board forthwith.
- k. Wherever statutory approvals are required in respect of such transaction Board and Management shall ensure that they are obtained in time and such facts shall be recorded in the minutes of the meeting.

- l. A report should be submitted signed by M.D./Joint MDs/Executive Director or Chief Financial Officer, if any detailing the transactions with related parties and any significant features of those transactions.
- m. If a transaction with a related party is likely to result in any loss expenditure of an extraordinary nature or a liability or damage to the company or its properties it should be clearly and precisely reported to the Board.
- n. There shall be complete transparency openness, bona fides and absence of conflict of interest in all related party transactions and also of in its reporting.
- o. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by special resolution in the general meeting and if it is not ratified by the Board or as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

#### **4. Disclosure**

- 4.1 Every contract or arrangement entered into under Section 188 of the Companies Act, 1956 shall be referred to in the Board's report to the shareholders alongwith the justification for entering into such contract or arrangement.
- 4.2 Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- 4.3 The Company shall disclose the policy on dealing with Related Party transactions on its website and or in the Annual Report.

#### **5. Amendment to the policy.**

- 5.1 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.
- 5.2 Any amendment to this policy will be in writing.

#### **6. Approval**

This RPT Policy is approved by the Board of Directors of the Company at its meeting held on 26<sup>th</sup> July 2014.

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[Index](#)

## **Finolex Industries Limited- Policy on Board Diversity.**

### **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 Board Diversity.

FINOLEX INDUSTRIES LIMITED ("FIL" or the "Company") has been incorporated under the Companies Act, 1956 on 28<sup>th</sup> 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 Board Diversity as defined below. The Board may review and amend this policy from time to time.

The Board recognizes the importance and benefits of having the diverse Board to enhance quality of its performance.

This policy is applicable to the Company with effect from 1<sup>st</sup> October, 2014. This policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

### **2. Definitions.**

- 2.8 **"Act"** means the Companies Act 2013 including any amendments or modification as may be applicable from time to time.
- 2.9 **"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.
- 2.10 **"Board of Directors" or "Board"** means the Board of Directors of Finolex Industries Limited, as constituted from time to time.
- 2.11 **"Company"** means a company incorporated under the Act or under any previous Companies Acts.
- 2.12 **"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 Agreement with the Stock Exchanges.
- 2.13 **"Policy"** means Policy on Board Diversity.

### **3. Policy on Board Diversity.**

- 3.1 The Company believes that a diverse Board will further enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development. The appointments of persons to office of directors and deciding composition of the Board, the Nomination Remuneration and Compensation Committee (NRC Committee) and the Board shall also have due regard to this policy on Board diversity. In this process the NRC Committee /Board will take into consideration qualification and wide experience of the directors in the fields of finance, regulatory, administration, legal, products apart from compliance of legal and contractual requirements of the Company.

The total number of directors constituting the Board shall be in accordance with the Articles of Association of the Company and the provisions of Listing Agreement and Companies Act, 2013. The Board of directors of the Company shall have an optimum combination of executive and non-executive directors with at least one woman director and the composition of the Board shall be in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, Listing Agreement and the statutory, regulatory and contractual obligations of the Company.

4. **Disclosure**

The necessary disclosure about the Policy for Board Diversity will be made as per requirements of Listing Agreement and Companies Act, 2013. The policy shall also be uploaded on the website of the Company.

5. **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.

6. **Approval**

This Policy is approved by the Board of Directors of the Company at its meeting held on 13<sup>th</sup> May, 2014.

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[Index](#)

## **Finolex Industries Limited- Policy on Material Subsidiaries.**

### **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 28<sup>th</sup> 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 1<sup>st</sup> October, 2014. This policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

### **2. Definitions.**

- 2.14 **"Act"** means the Companies Act 2013 including any amendments or modification as may be applicable from time to time.
- 2.15 **"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.
- 2.16 **"Board of Directors" or "Board"** means the Board of Directors of Finolex Industries Limited, as constituted from time to time.
- 2.17 **"Company"** means a company incorporated under the Act or under any previous Companies Acts.
- 2.18 **"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 Agreement with the Stock Exchanges.
- 2.19 **"Policy"** means Policy on Material Subsidiary.
- 2.20 **Material Non Listed Indian Subsidiary** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- 2.21 **"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.
- 2.22 **"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**, if any of the following conditions are satisfied:
- In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
  - Which have generated twenty per cent of the consolidated income of the Company during the previous financial year.
- 3.2 One **Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian 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 on an annual basis.
- 3.4 The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on a half yearly basis.
- 3.5 The management shall on a half yearly basis 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 Non-Listed Indian Subsidiary.

**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 26<sup>th</sup> July, 2014.

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[Index](#)