

## FILATEX INDIA LIMITED

### Policy on Related Party Transactions

#### PREAMBLE

1. A related party transaction is a transfer of resources, services or obligations between a company and a related party, irrespective of the price charged. A “transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract.
2. An entity shall be considered as related to company if (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under applicable accounting standard .

Section 2(76) of the Companies Act, 2013, as referred above, defines Related Party as —

- 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. anybody 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; [Except advice, directions or instructions given in a professional capacity]
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act.[Except advice, directions or instructions given in a professional capacity]
- viii. Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- ix. a director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

**“Relative”** : with reference to any person, means who is related to another, if:-

- i. They are members of a Hindu Undivided Family;
- ii. They are Husband or wife or
- iii. One person is related to the another in the following manner, namely:-
  - a. Father, includes step-father.
  - b. Mother, includes step-mother.
  - c. Son, includes step-son.
  - d. Son’s wife.
  - e. Daughter.
  - f. Daughter’s husband.
  - g. Brother, includes step-brother.
  - h. Sister, includes step-sister.

Related party as per accounting standard - parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

## POLICY GUIDELINES

1. There are some ongoing transactions with various related parties which have been perused and approved by the Board from time to time. Although such transactions are in the ordinary course of business and on arm's length basis, yet any modification or fresh arrangement with related parties as listed above shall be approved by the audit committee from time to time.
2. All such Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company.
3. However, all the material Related Party Transactions entered into by the Company, exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, will be put up for approval of non related party shareholders in the first meeting of shareholders held after 01.10.2014.
4. The prior approval Audit Committee and Shareholders as mentioned above, shall not be applicable for the transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with company and are placed before shareholders at the general meeting for approval.
5. While approving the Related Party Transactions, the Board will go through all the material details like (i) whether the transaction is fair to the Company, (ii) whether the Audit Committee has been made available all of the material facts regarding the transaction or parties involved, (iii) whether the transaction is generally available to an unrelated third-party under the same or similar circumstances and cost, and (iv) the extent of the Related Person's interest in the transaction
6. The agenda of the Audit Committee / Board meeting, at which any resolution pertaining to transactions with related parties is proposed to be moved, shall disclose:
  - a) the name of the related party and nature of relationship;
  - b) the nature, duration of the contract and particulars of the contract or arrangement;
  - c) the material terms of the contract or arrangement including the value, if any;
  - d) any advance paid or received for the contract or arrangement, if any; the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - e) whether all factors relevant to the contract have been considered and if not, the details of factors not considered with the rationale for not considering those factors; and
  - f) any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

7. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
8. The explanatory statement to be annexed to the notice of a general meeting convened for the purpose of seeking approval of shareholders for entering into related party transactions shall contain the following particulars namely:-
  - a) name of the related party ;
  - b) name of the director or key managerial personnel who is related, if any;
  - c) nature of relationship;
  - d) nature, material terms, monetary value and particulars of the contract or arrangement;
  - e) any other information relevant or important for the members to take a decision on the proposed resolution.
9. Details of all material transactions with related parties shall be disclosed in the quarterly compliance report on corporate governance being submitted to the Stock Exchange.
10. The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
11. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.