FELIX INDUSTRIES LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

Revision – 1: Adopted and approved on 29-05-2026
(Next review of policy due by [May-2028])

TABLE OF CONTENTS

Sr. No	Topic	Page No.
1.	Preamble	03
2.	Purpose	03
3.	Definitions	03 – 05
4.	Policy on related party transactions	05
4.1	Procedure for Identification of Potential Related Party Transactions	05
4.2	Approval of Related Party Transactions	06
4.3	Approval Process of Related Party Transactions	6-7
4.3.1	Audit Committee approval	06-07-08
4.3.2	Board of Directors and Shareholders' approval in terms of Listing Regulations	08-09
4.3.3	Exemption from obtaining approval in terms of the Listing Regulations	09
4.3.4	Disclosures	09
4.3.5	Interpretation	09
4.3.6	Policy Review	10

1. Preamble

The Board of Directors (the "Board") of Felix Industries Limited (the "Company" or "FIL") has adopted the following policy and procedures with regard to Materiality of Related Party Transactions and on dealing with Related Party Transactions of the Company. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Purpose

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") requires all listed companies to formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Audit Committee and Board of Directors in their respective meetings. This Policy has been framed for complying with the above requirement. This policy is applicable to all Key Managerial Personnel and related parties thereof as mentioned in Clause-3, definition of related party.

3. Definitions

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

"Accounting Standard" means Indian Accounting Standard (Ind AS) 24 relating to Related Party Disclosures.

"Audit Committee" means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

"Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Associate Company" shall mean "Associate Company" as defined in Section 2(6) of the Companies Act, 2013.

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes:

i. Managing Director, Chief Executive Officer, Manager, Whole-time Director;

ii. Company Secretary;

iii. Chief Financial Officer.

"Material Related Party Transaction" means any 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 Rs. one thousand crores or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, or such other threshold limits as may be prescribed under the Act and Rules.

"Material Modifications" means modification(s) in the pricing or overall transaction value of a previously approved non-material related party transaction having a variance of 25% (twenty-five per cent) or more, or a modification in the core nature of such transaction. However, in case of material related party transactions, any variance or modification in the core nature of transaction would be a material modification.

"Policy" means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

"Relative" means relative as defined under the Companies Act, 2013 and rules made thereunder and includes anyone 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)

"Related Party" with reference to a Company means –

- a director or his/her relative;
- key managerial personnel or his/her relative;
- a firm, in which a director, manager or his/her relative is a partner;
- a private company in which a director or manager or his/her relative is a member or director;
- a public company in which a director or manager is a director and holds along with his/her relatives, more than two per cent of its paid-up share capital;
- 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 of the Company;
- any person on whose advice, directions or instructions a director or manager of the Company is accustomed to act, provided that nothing in the two preceding clauses shall apply to advice, directions or instructions given in a professional capacity;
- any body corporate which is (a) a holding, subsidiary or an associate company of such company, (b) a subsidiary of a holding company to which it is also a subsidiary, or (c) an investment company or the venture of the Company;

Explanation: for the purpose of this clause, "investing company or venture of a company" means any body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.

- Such other person as may be prescribed means a director other than an independent director, or key managerial personnel of the holding company, or his relative with

reference to the Company, shall be deemed to be a related party and it also includes the following:

i. a related party under the applicable accounting standards;

ii. any person or entity belonging to the promoter or promoter group of the Company;

iii. any person or entity holding equity shares of ten per cent or more in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time during the immediately preceding financial year, shall be deemed to be a related party.

"Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

i. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

ii. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged, and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

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

- the issue of specified securities on a preferential basis, subject to compliance with the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding: (i) payment of dividend; (ii) subdivision or consolidation of securities; (iii) issuance of securities by way of a rights issue or a bonus issue; and (iv) buy-back of securities; (v) retail purchases from the Company or its subsidiary by its directors or employees, without establishing a business relationship and at terms uniformly applicable/offered to all employees and directors.

4. Policy on related party transactions

The Policy describes the procedure to be followed along with the reporting and disclosure requirements for the transactions entered into between the Company and its Related Parties. Such transactions shall be deemed appropriate only if they are in the best interest of the Company and its shareholders. In order to ensure the same and to set forth the procedure for entering into and executing transactions with a Related Party, the Board of Directors of the Company has adopted this policy.

4.1 Procedure for Identification of Potential Related Party Transactions

For the purpose of identification of Potential Related Party Transactions, each director and Key Managerial Personnel shall give notice of disclosure of interest on an annual basis and, if any change in the interest occurs, they shall give the revised notice of disclosure within 24 hours to the Company Secretary of the Company.

The Company strongly prefers to receive such notice of disclosure of any potential transactions with a related party well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction. Further, the Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.

4.2 Approval of Related Party Transactions

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company.

Provided that only Independent Directors of the Company, who are members of the Audit Committee, shall approve related party transactions.

Provided further that a related party transaction to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;

Provided further that a related party transaction to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which a listed subsidiary, if any, is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the SEBI LODR Regulations, 2015 are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of the Company, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

Further, remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except where such person is part of the promoter or promoter group, shall not require approval of the Audit Committee, provided that the same is not material in terms of the provisions of this policy.

Further, all Material Related Party Transactions and subsequent modifications thereof shall require prior approval of the shareholders through a resolution, and no Related Party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not.

Further, prior approval of the shareholders of the Company shall also be required for a material related party transaction or modification therein to which a subsidiary company is a party, but the Company is not a party.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which a listed subsidiary is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of the Company as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

4.3 Approval Process of Related Party Transactions

4.3.1 Audit Committee approval

As per Regulation 23 of the Listing Regulations and Section 177 of the Companies Act, 2013, all Related Party Transactions and subsequent material modifications shall require prior

approval of the Audit Committee, whether at a meeting or by circular resolution or any other manner as provided by the Act or Rules made thereunder or the Listing Regulations from time to time, subject to the following:

a. Omnibus Audit Committee approval:

i) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary, provided it is satisfied that there is a need to grant such approval and the same is in the interest of the Company and/or its subsidiary company. Such approval may be granted subject to the following:

- Transactions are repetitive in nature;
- Transactions are conducted on an Arm's Length basis;
- Transactions are in the ordinary course of business.

ii) Such omnibus approval shall specify the following:

i. Name of the related party;
ii. Nature of transaction;
iii. Period of transaction;
iv. Maximum amount of transaction;
v. The indicative base price/current contracted price and formula for variation in the price, if any; and
vi. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been amended. Any proposed variations/amendments to these factors shall require prior approval of the Audit Committee.

Provided that where the need for a related party transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction.

iii) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company and/or its subsidiary company pursuant to each omnibus approval given. Further, such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of the said period.

b. Ratification of Related Party Transactions by Audit Committee:

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
ii. the transaction is not material in terms of the provisions of this policy read with Regulation 23(1) of the SEBI (LODR) Regulations, 2015 as amended from time to time;
iii. the rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;

iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of Regulation 23(9) of the SEBI (LODR) Regulations, 2015 as amended from time to time;

v. any other condition as specified by the Audit Committee.

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee, and if the transaction is with a related party of any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by the Company.

4.3.2 Board of Directors and Shareholders' approval

In accordance with Section 188 of the Companies Act, 2013 and the Listing Regulations, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

1. Board of Directors and Shareholders' approval in terms of the Companies Act, 2013:

All Related Party Transactions which are either not on an arm's length basis or not in the ordinary course of business shall be recommended by the Audit Committee for approval of the Board of Directors.

Provided that the transactions prescribed below shall be further recommended by the Board of Directors for the approval of the Shareholders of the Company by way of Ordinary Resolution, as provided under Section 188 of the Companies Act, 2013 read with related rules issued thereunder:

Transaction covered	Transaction value
Sale, purchase or supply of any goods or materials directly or through appointment of agents	>10% of Turnover or more.
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents*	>10% or more of Net Worth.
Leasing of property of any kind*	>10% or more of Net Worth or 10% or more of Turnover.
Availing or rendering of any services directly or through appointment of agents*	>10% of Turnover or Rs. 50.00 Crore, whichever is lower.
Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company	Monthly remuneration > Rs. 2.5 lakhs.
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company*	>1% of Net Worth.

** The above limits shall apply to these transactions or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

The concerned related party(ies) related to that transaction shall not vote to approve such resolution, whether the entity is a related party to that particular transaction or not.

2. Board of Directors and Shareholders' approval in terms of the Listing Regulations:

The Listing Regulations require a company to provide materiality thresholds for related party transactions or modifications therein, beyond which shareholders' approval will be required by way of a resolution. The Company has fixed its materiality threshold at the level prescribed under the Explanation to Regulation 23(1) of the Listing Regulations (i.e. transaction(s) to be

entered into individually or taken together with previous transactions during a financial year, exceeding Rs. 1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company), whichever is lower. Accordingly, in terms of Regulation 23 of the Listing Regulations, all Material Related Party Transactions and modifications therein shall be recommended by the Board of Directors to the Shareholders for their approval by way of Ordinary Resolution.

No entity falling under the definition of related party shall vote to approve such resolutions, irrespective of whether the entity is a related party to the particular transaction or not.

4.3.3 Exemption from obtaining approval in terms of the Listing Regulations

In terms of Regulation 23 of the Listing Regulations, the following transactions are exempted from the requirement of obtaining Audit Committee / Board of Directors / Shareholders' approval:

i. Transactions entered into between the Company and its wholly owned subsidiary, if any, whose accounts are consolidated with Felix Industries Limited.

ii. Transactions entered into between two wholly owned subsidiaries of the Company, if any, whose accounts are consolidated with the Company and placed before the shareholders at the AGM for approval.

iii. Such other transactions as may be exempted under the Listing Regulations, if not covered under the Companies Act, 2013.

4.3.4 Disclosures

- Particulars of contracts or arrangements with Related Parties referred to in sub-section (1) of Section 188 shall be disclosed in the Directors' Report.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance to the Audit Committee and Board of Directors' meeting.
- The Company shall disclose this Policy on its website, and a web link thereto shall be provided in the Annual Report.
- The Company shall disclose related party transactions on a consolidated basis to the Stock Exchange within such time as prescribed under the SEBI (LODR) Regulations, 2015, as amended from time to time, and simultaneously publish the same on its website.

4.3.5 Interpretation

a. Any words used in this Policy but not defined herein shall have the same meaning as prescribed to them in the Companies Act, 2013 or Rules made thereunder, the SEBI Act or Rules and Regulations made thereunder, Accounting Standards, or any other relevant legislation/law applicable to the Company.

b. In case of any dispute or difference in the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee, and the decision of the Audit Committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any officer of the Company or an outside expert as it deems fit.

4.3.6 Policy Review

This Policy is framed based on the provisions of the Companies Act, 2013 and rules made thereunder and the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, the Listing Regulations, Indian Accounting Standards or any other regulations ("the Regulations") which make any provision of the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy, and thereafter the provisions of the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years, or as and when any changes are to be incorporated in the Policy due to a change in the Regulations or as may be felt appropriate by the Audit Committee, whichever is earlier, for approval of the Board of Directors. Any changes or modifications to the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.