

FORTUNE INDUSTRIAL RESOURCES LIMITED

Regd. Office:- 25, Bazar Lane, Bengali Market, New Delhi-110001
Tel. No.: 011-43585000, Fax: 011-43585015, E-mail: firl.nbfc@gmail.com, Website: www.firl.co.in
CIN: L51503DL1986PLC024329

RELATED PARTY TRANSACTIONS POLICY

(Revised in accordance with the Industry Standards Note issued by the Securities and Exchange Board of India on 1 July 2025, amended on 26 June 2025 and 13 October 2025)

Effective Date: 13th November 2025

Approved by: Board of Directors

Issued by: Fortune Industrial Resources Limited

1. PREFACE

Fortune Industrial Resources Limited is committed to maintaining the highest standards of corporate governance, transparency, and accountability. Transactions involving related parties are an integral part of business operations. However, such transactions must always be conducted in a manner that is fair, reasonable, transparent, and in the best interest of the Company and its shareholders.

This Policy on Related Party Transactions has been formulated to ensure strict compliance with:

- the Companies Act, 2013 and the Rules framed thereunder,
- the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,
- the Industry Standards Note on Related Party Transactions issued by the Securities and Exchange Board of India on 1 July 2025, and
- the amendments to the Industry Standards Note dated 26 June 2025 and 13 October 2025.

This Policy establishes a clear and consistent framework for identifying, reviewing, approving, and monitoring transactions involving related parties.

The Audit Committee of the Company shall be responsible for the review, oversight, and approval of all transactions with related parties, unless otherwise required by law.

2. DEFINITIONS

For the purpose of this Policy, the following terms shall have the meanings assigned below:

2.1 Related Party

A “related party” is any individual or entity that is classified as a related party in accordance with:

- Section 2(76) of the Companies Act, 2013;
- the applicable Accounting Standards; and
- Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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2.2 Related Party Transaction

A “related party transaction” includes any contract or arrangement with a related party, including but not limited to:

- sale, purchase or supply of any goods or materials;
- availing or rendering of any services;
- leasing of any property;
- transfer, sale or disposal of any assets;
- borrowing or lending of funds;
- giving or receiving of guarantees, indemnities or letters of comfort;
- appointment to any office or place of profit;
- payment of royalty or any other financial consideration.

The definition also includes any transaction specifically covered under Section 188 of the Companies Act, 2013 or Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2.3 Material Related Party Transaction

A “material related party transaction” is a transaction that, either individually or when aggregated with previous transactions during a financial year, exceeds:

- ten percent of the annual consolidated turnover of the Company as per the last audited financial statements, or
- one thousand crore rupees, whichever is lower.

2.4 Threshold Limit for Disclosures (as per Industry Standards Note)

Transactions exceeding the lower of the following limits shall require detailed disclosures as prescribed under the Industry Standards Note:

- one percent of the annual consolidated turnover of the Company, or
- ten crore rupees.

2.5 Exempt Transactions

The following transactions shall not require compliance with the disclosure requirements under the Industry Standards Note:

- transactions between the Company and its wholly owned subsidiary whose accounts are consolidated and placed before shareholders for approval;
- transactions with a related party where the value does not exceed one crore rupees in a financial year.

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3. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

1. Every Director and every Senior Management Personnel shall disclose, in writing, details of all persons and entities with whom they are related, along with any changes that occur from time to time.
2. All employees who are responsible for entering into contracts or financial commitments on behalf of the Company shall report any potential related party transaction to the Chairperson of the Audit Committee.
3. Information relating to any proposed or ongoing related party transaction shall be submitted to the Audit Committee in the format prescribed by the Company.
4. The Audit Committee shall determine whether a transaction constitutes a related party transaction based on the provisions of the Companies Act, Accounting Standards, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Industry Standards Note.
5. No related party transaction shall be entered into without the prior approval of the Audit Committee and, where applicable, the approval of the Board of Directors and the shareholders.

4. APPROVAL OF RELATED PARTY TRANSACTIONS

4.1 Approval by the Audit Committee

Every related party transaction shall be submitted to the Audit Committee for prior approval. The Audit Committee shall review, inter alia, the following:

- the nature, scope and terms of the transaction;
- whether the transaction is conducted in the ordinary course of business;
- whether the transaction is undertaken on an arm's length basis;
- the commercial rationale, business necessity and benefits to the Company;
- pricing methodology and basis of valuation;
- past dealings with the related party;
- any potential conflicts of interest;
- impact on governance, independence and reputation;
- financial position and creditworthiness of the related party;
- whether the transaction requires the approval of shareholders.

4.2 Certificate by Chief Executive Officer and Chief Financial Officer

For transactions requiring disclosure under the Industry Standards Note, the Chief Executive Officer (or Managing Director or Whole-Time Director or Manager, as applicable) and the Chief Financial Officer of the Company shall jointly certify to the Audit Committee that: **“The proposed transaction with the related party is in the best interest of the Company.”**

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4.3 Approval by the Board of Directors

Approval of the Board of Directors shall be obtained where required under the Companies Act or where a matter is referred by the Audit Committee.

4.4 Approval by Shareholders

Shareholders' approval shall be obtained through an ordinary resolution for all material related party transactions. All related parties shall abstain from voting on such resolutions.

5. DISCLOSURE REQUIREMENTS UNDER THE INDUSTRY STANDARDS NOTE

The disclosure requirements are divided into three parts:

5.1 Part A – Mandatory Disclosures for All Transactions Exceeding the Threshold Limit

These disclosures shall include:

- name and basic details of the related party;
- nature of relationship;
- ownership structure of the related party;
- history of transactions during the last financial year and up to the preceding quarter;
- financial information of the related party including turnover, profit after tax and net worth;
- full details of the proposed transaction, including value, tenure, terms and conditions;
- justification as to why the transaction is in the interest of the Company;
- valuation reports or external expert reports, if applicable;
- particulars of interested Directors and Senior Management Personnel.

5.2 Part B – Additional Disclosures for Specified Transactions

Additional disclosures shall be provided for transactions involving:

- sale, purchase or supply of goods or services;
- trade advances;
- loans, advances or inter-corporate deposits;
- guarantees, indemnities, sureties or comfort letters;
- investments;
- borrowings;
- sale, lease or disposal of assets;
- payment of royalty or similar consideration.

These disclosures shall include pricing, selection methodology, security details, repayment terms, bidding process, credit rating of the related party, purpose and utilisation of funds, impact on the Company's financials and any history of defaults.

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5.3 Part C – Additional Disclosures for Shareholders in Case of Material Related Party Transactions

In addition to Part A and Part B, the following shall be provided:

- summary of information provided to the Audit Committee;
- justification that the transaction is in the best interest of the Company;
- debt-to-equity ratio and debt service coverage ratio before and after the transaction;
- details of any regulatory approvals;
- details of non-cash consideration;
- details of prior similar transactions;
- financial and non-financial impact on the Company;
- a web link or quick response (QR) code of the valuation report or external expert report.

6. LIMITED DISCLOSURES FOR TRANSACTIONS BELOW THE THRESHOLD LIMIT

For transactions that do not exceed the threshold limit, the following limited information shall be disclosed to the Audit Committee:

- type and detailed terms of the transaction;
- name of the related party and nature of relationship;
- tenure and value of the proposed transaction;
- percentage of consolidated turnover represented by the transaction;
- justification for entering into the transaction;
- valuation report or external report, if considered;
- details relating to source of funds, indebtedness, covenants, interest rate, tenure and security (for loans or investments);
- purpose for which funds will be used by the ultimate beneficiary.

If shareholders' approval is required under the Companies Act, the same information shall also be disclosed to shareholders.

7. OMNIBUS APPROVAL FOR RECURRING TRANSACTIONS

The Audit Committee may grant omnibus approval for recurring related party transactions subject to the following conditions:

1. the transaction is repetitive in nature;
2. the transaction is in the ordinary course of business;
3. the transaction is conducted on an arm's length basis;
4. the transaction is in the interest of the Company;
5. future transactions shall be reviewed quarterly.

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Each omnibus approval shall specify:

- name of the related party;
- nature of the transaction;
- period of the transaction;
- maximum value;
- pricing methodology;
- conditions including reasons for variations in price.

The omnibus approval shall remain valid for one year and fresh approval shall be obtained thereafter.

For unforeseen transactions, the maximum value per transaction shall not exceed one crore rupees.

8. MONITORING AND REVIEW

1. The Audit Committee shall review all related party transactions, including ongoing transactions, on a quarterly basis.
2. Any modification, renewal or extension of a previously approved transaction shall require fresh approval.
3. The Audit Committee may permit redaction of commercially sensitive information in shareholder notices, subject to confirmation that sufficient information has been provided for informed decision-making.
4. The Policy shall be reviewed periodically and amended as may be required due to changes in law, regulations or business practices.

9. DISCLOSURES BY THE COMPANY

The Company shall make the following disclosures:

- this Policy shall be published on the website of the Company and a web link shall be provided in the Annual Report;
- all related party transactions shall be disclosed in the financial statements in accordance with applicable Accounting Standards;
- details of related party transactions, along with justification, shall be disclosed in the Directors' Report;
- for material related party transactions, the valuation report or external report relied upon by the Company shall be made available to shareholders through the Company website using a web link or a quick response (QR) code.

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10. EXEMPTIONS

The following transactions shall not require approval under this Policy:

1. transactions between the Company and its wholly owned subsidiary whose accounts are consolidated;
2. transactions where the value does not exceed one crore rupees in a financial year;
3. transactions that are in the ordinary course of business and conducted at arm's length, but only for the purpose of the Companies Act (however, approval of the Audit Committee shall still be required).

11. AMENDMENT

The Board of Directors or the Audit Committee may amend, modify or revise this Policy at any time to ensure continued compliance with applicable laws, regulations, circulars and amendments issued by regulatory authorities.