

FIL/SEC/SEs/2023-24/066

9th October, 2023

The Manager – Listing Department
National Stock Exchange of India Limited
5, Exchange Plaza
Bandra-Kurla Complex
Bandra (East),
Mumbai 400051
Scrip Code: FINPIPE

The Manager – Listing Department
BSE Limited
Registered Office: Floor 25
P.J.Towers
Dalal Street
Mumbai 400 001
Scrip Code: 500940

Sub: Response to Disclosure dated 14.08.2023 made by Finolex Cables Limited (“FCL”) to the Stock Exchanges (FCL – BSE scrip code: 500144 & NSE scrip code: FINCABLES)

Dear Sir/ Ma’am,

We, refer to the Disclosure dated 14.08.2023 made by FCL to the Stock Exchanges (“**the said Disclosure**”). In response to the said Disclosure, we state as follows:

1. With respect to the Memorandum of Understanding dated 11th October, 2011 entered between FCL and the Company (“**MoU**”) is concerned, it is submitted that the said MoU cannot be treated as an enforceable obligation and is not an enforceable obligation and is contrary to the provisions of Sections 106 and 196 of Companies Act, 2013. The MoU is neither incorporated in the Articles of Association of the FCL nor the Company. This also renders it non-binding, void and unenforceable. In any event and without prejudice, the Company’s Board of Directors have, on 15.09.2018 passed a resolution by which the MoU stands terminated.
2. Due to the aforementioned circumstances, it is not necessary for FCL to furnish any such disclosure regarding the MoU between FCL and the Company pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Further, the MoU forms part of the subject matter of the Suit filed by FCL against the Company and its Board of Directors and the same is pending before the Civil Judge, Senior Division, Pune. Further, FCL had moved an application seeking interim reliefs wherein one of the interim relief was to pass an order of permanent and mandatory injunction restraining the Company from voting against the re-appointment of Mr. Deepak Chhabria as an Executive Chairman of FCL. The Civil Judge, Senior Division, Pune vide order dated 21.09.2018 rejected the said interim application and further held that a company cannot be called upon to vote in a particular manner. Copy of the order dated 21.09.2018 is annexed herewith as **Annexure A**.

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Gat No. 399, Village Urse, Tal.-Maval,
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We are submitting the concise response in reference to the said Disclosure provided by FCL. Should you require any additional information or documents, including details regarding pending civil case regarding MoU between FCL and the Company including the corresponding court orders, we are at your disposal to provide the necessary assistance.

For **Finolex Industries Limited**

Ashutosh Kulkarni

Company Secretary & Head Legal

M. No.: A18549

Encl.: As above

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Annexure - A

मे. दिवाणी न्यायालय व स्तर. पुणे

अर्जट / साधा

अर्ज आला तारीख - 28/9 / 2018

अर्जाची पूर्तता तारीख - 23/10/2018

अर्ज नंबर - 10746/18

एकूण पाने - 6

फी - प्रत्येकी 4 रु. प्रमाणे

एकूण - रु. 214/-

आज नक्कल श्री - B-S. PASHI

यांना दिली ता - 26 OCT 2018

अभिलेखापाल

दिवाणी न्यायालय, पुणे

25 OCT 2018

नक्कल मिळाल्याची तारीख - 25/10 / 2018

नक्कल तयार तारीख - 25/10 / 2018

अभिलेखापाल

दिवाणी न्यायालय, पुणे



सहाय्यक अधीक्षक

दिवाणी न्यायालय, पुणे

25 OCT 2018



ORDER PASSED BELOW APPLICATION FOR AD INTERIM RELIEF
(DATED 21st SEPTEMBER, 2018)

The plaintiffs have filed present application for ad interim orders. Today, advocate for the plaintiff in R.C.S. No.146/2018 has filed pursis that the present matter is pending before Pimpri Court. However, the Hon'ble High Court in Writ Petition No. 26987/2018 dated 19/09/2018 has directed this Court to decide the ad interim application on 21/09/2018. It has been also directed that the application be decided on the same day and communicate the order to both parties. Paper and proceedings of the said suit along with the interim application shall be served upon the Ld. Advocates representing the contesting respondents even if they already served during course of the day. All the parties have agreed to make brief submission before this Court in order to decide the application on the same day. Petitioner was permitted to file the office copy of the proceedings of the said civil suit as well as the application for interim relief duly certified by the advocate for the petitioners. In pursuance to the directions of the Hon'ble High Court, the present application was heard in detail from 11.30 a.m. The arguments were concluded of the both the parties at 03.45 p.m.

2) This Court has passed an order below Exh. 88 in Special Civil Suit No. 1418/2016 on 19/09/2018. Advocate for the plaintiffs in the said suit has also sought for the copy of the order. The order was typed by the Stenographer. However, the same was to be corrected. In such circumstances, when the Court was busy for the

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whole day hearing the application in R.C.S. No. 146/2018, it took time for passing this order. In such circumstances, due to paucity of time and considering the volume of the defence of the defendants and the citations relied by them, it is practically not possible to discuss all of them in short span of time.

3) Plaintiff has filed the present application for ad interim order. So as to restrain defendant No. 1 through its Promoters, Managing Directors, Directors, Officers, Agents, Employees and Servants from voting against reappointment of defendant No. 4 as Executive Chairman or any other designation such as CEO of the plaintiff company by voting positively in favour of the resolution for his reappointment at the AGM scheduled on 25/09/2018. Other than this relief, plaintiff has sought that application be allowed in alternative direct enforcement of negative covenants contained in Clause 10 and 11 of memorandum of understanding dated 11/10/2011 executed between plaintiff No. 1 and defendant No. 1.

4) Various contentions have been raised by the plaintiff about the MOU executed between plaintiff No. 1 and defendant No.1 on 11/10/2011. It is the case of the plaintiff that, late Pralhad P. Chhabria and his brother had formulated companies. However, Pralhad P. Chhabria was holding largest shares of 82.07% of Orbit Electrical Private Limited and other shares were held by K.P. Chhabria and his family members. Detailed submissions were made with respect to the intention of Pralhad P. Chhabria, as he has formulated the Trust whereby the shares of Orbit were to be

transferred to the Trust after his demise. In order to implement the scheme, there was supplementary trust deeds, Will and articles of association of Orbit were amended for transfer of the shares. They were cross holdings of plaintiff and defendant No. 1 in each others company. Defendant No. 4 was the Managing Director of the plaintiff since 01/07/2000 and the defendant No. 3 was the Managing Director of defendant No. 1 since 01/02/2008. Thus, they have acted upon the MOU dated 11/10/2011. However, the period of the defendant No. 4 has expired in June- 2018. Members of the plaintiff company have approved his reappointment.

5) Plaintiff has adhered to his appointment as Executive Chairman as per the MOU. However, defendant No. 2 is the Solicitor by profession and Director of plaintiff company, defendant No. 1 and Orbit. However, he has resisted the appointment of defendant No. 1 and displayed his intention to oppose election of defendant No. 4. The performance of plaintiff company is much better than the performance of defendant No. 1's company due to the management by the defendant No. 4. There are negative covenants which put embargo on defendant No. 1 from abstaining from voting. Plaintiff's anticipate breach of the agreement. Hence, this application.

6) Defendants have filed their say, thereby they have objected this application by raising various contentions. Defendant Nos. 2 and 3 have objected this application on various grounds, one of them being that, Exh. 88 decided by this Court in Special Civil Suit No. 1418/2016 which is constructive *res-judicata*. It is also

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contended by them that they have adopted the say and arguments of defendant No. 1. Defendant No. 1's board to independently decide as to how it will vote on the proposed reappointment. They contended that, the MOU is in violation of The Companies Act and Public Policy and therefore it is unenforceable. Various contentions have been made about the provisos of The Companies Act and how the MOU is not binding upon them.

7) It is pertinent to state that, they contended that other Directors are not made party to the suit, injunction cannot be granted for the negative covenants. The plaintiff can only seek damages if at all for any loss, plaintiff can be compensated in terms of money. Defendants also contended that there is suppression of the facts as the Agenda for the AGM as well as the Articles of the Association of plaintiff company is not filed by the plaintiff's, as the Agenda reflects that defendant No. 4 is seeking reappointment as Executive Chairman and three other posts. However, no individual can hold more than one post.

8) The plaintiff has filed the present suit which is proxy suit and forum hunting as it is the fourth attempt on the part of Kishan P. Chhabria group to obtain ad interim reliefs. Two suits are pending before this Court and petition has been filed in National Company Law Tribunal Mumbai. Relief sought cannot be granted as it is as family arrangement can never operate Vis-a-Vis Limited Company. Mandatory injunction cannot be granted at interim stage, when no exceptional circumstances are pleaded or made out. Due to

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paucity of time, all the contentions made by the defendants cannot be discussed in length and in detailed.

9) Prima facie on considering the application, it is seen that the plaintiff has filed the present suit to restrain the defendants from voting against reappointment of defendant No. 4. However, as per the provisions of Section 41 (j) of Specific Relief Act, no injunction can be granted when plaintiff has no personal interest in the matter. In such circumstances, when the suit has been filed by the Company for and on behalf of defendant No. 4, it cannot be said that it has personal interest. Secondly, at the stage of deciding the application of *ad-interim* stage, it cannot go into much details as to the enforceability of the memorandum of understanding dated 11/10/2011.

10) Though plaintiff has sought relief, however, it is to be considered that defendant No. 1 is a Company, which is function by its Board of Directors. In such circumstances, it cannot be called upon to vote in a particular manner as it is governed by Companies Act and Article of Association. Though it is contended by the defendants that the MOU has been terminated by them, however at this stage, the legality of termination cannot be decided. As per Section 14 of Specific Relief Act, contracts which cannot be specifically enforced if compensation in money is adequate relief. Plaintiff has contended that, if the defendants are not directed to cast the vote in favour of defendant No. 4, irreparable loss will be caused to the share holders. However, the present application has been

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moved by the company and when it is a public listed company, the Board of the Directors have to act as per the decisions taken by the Board. In such circumstances, merely because the defendant No. 4 is not appointed, it cannot be said that company will not prosper.

11) Considering all the facts placed before the Court as well as the paucity of time the citations relied by all the parties are not discussed. As plaintiff has no personal interest in the present application, *prima facie* case has not been made for grant of ad interim injunction. Hence, I pass the following order.

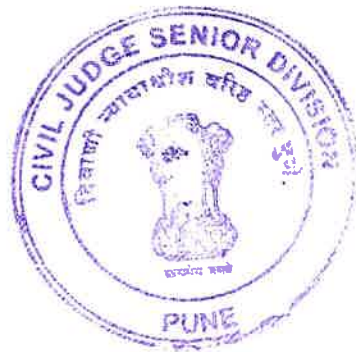
ORDER

- (1) The application for ad interim is rejected.
- (2) Parties to take note of this order of which dictation was completed at 06.00 p.m.

Date :- 21/09/2018.

^{sdl}
Malkalpatte 21/9/18
(V.S. Malkalpatte-Reddy)
5th Jt. Civil Judge (S.D.), Pune.

करणा-
रुजू पत्राणार-



खरी नककल
अधिक्षक
दिवाणी न्यायालय
(वरिष्ठ स्तर), पुणे
25 OCT 2018