



POLICY ON RELATED PARTY TRANSACTIONS

M/s Tuticorin Alkali Chemicals and Fertilizers Limited [“TFL” or “Company”] recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

TFL has framed this policy as per the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s)/amendment(s)/re-enactment(s)/circular(s) thereof] (“Listing Regulations”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

Definitions

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 and as per Regulation 18 of Listing Regulations for audit related purpose.

“Board” means Board of Directors of the Company.

“Companies Act, 2013” means the Companies Act, 2013 read with the Rules framed thereunder [including any modification(s) / amendment(s) / re-enactment(s) thereof].

“Related Party Transaction” A related party transaction is a transfer of resources, services or obligations between a Company and a related party, 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.

“Material Related Party Transaction” means a transaction with a related party which, individually or taken together with previous transactions during a financial year, exceeds the materiality thresholds prescribed under Regulation 23 of the Listing Regulations, as amended from time to time, based on the annual consolidated turnover of the Company as per its last audited financial statements.

“Material Modification” in respect of

- a. a related party transaction originally approved by the Audit Committee, shall require prior approval of Audit Committee based on limits as detailed below:
 - Upto Rs.25 lakhs – any change upto 50% is not considered material
 - More than Rs.25 lakhs and upto Rs.5 crores – any change of 25% and above
 - More than Rs.5 crores and upto Rs.25 crores – any change of 20% and above
 - More than Rs.25 crores – any change of 15% and above

and that such change is arising out of modification in pricing, quantity, change in payment/repayment schedule, delivery schedule or any other change to the agreed terms.



- b. a Material Related Party Transaction approved by the shareholders would require prior approval of Audit Committee and shareholders for an increase of 25% and above of the original value approved by shareholders.

“Related Party” means related party as defined under sub-section 76 of Section 2 of Companies Act, 2013 or under applicable accounting standards.

A ‘related party’ 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 includes the following:

A person or a close member of that person’s family is related to a company if that person is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:

- a director or his relative;
- a key managerial personnel or his relative;
- a firm, in which a director, manager or his relative is a partner;
- a private company in which a director or manager [or his relative] is a member or director;
- 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;
- 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;
- any person under whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- any body corporate which is –
 - a holding, subsidiary or an associate company of such company;
 - a subsidiary of a holding company to which it is also a subsidiary; or
 - an investing company or the venturer of the company; Explanation-For the purpose of this clause, “the investing company or the venturer of a company” means a 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 shall include a Director other than an Independent Director or Key Managerial Personnel of the Holding Company or his relative with reference to a Company, shall be deemed to be a related party.



“**Relative**” means relative as defined under the sub-section 77 of Section 2 of Companies Act, 2013 and includes anyone who is related to another, if –

- They are Members of a Hindu Undivided Family;
- They are Husband and Wife; or
- Father (including stepfather)
- Mother (including stepmother)
- Son (including stepson)
- Son’s wife
- Daughter
- Daughter’s husband
- Brother (including stepbrother)
- Sister (including stepsister)

“**Key Managerial Personnel**” means Key Managerial Personnel in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:

- the Chief Executive Officer or the Managing Director or the Manager;
- the Company Secretary;
- the Whole-Time Director;
- the Chief Financial Officer;
- such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- such other officer as may be prescribed

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011.

“**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Significant Influence: – means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement Joint venture: – means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the Net assets of the arrangement.

Policy and Procedure

Policy

The Board of Directors of the Company have adopted the following policy and procedures about Related Party Transactions. The Audit Committee will review and may amend the Policy as and when required with the approval of the Board.

The objective of this Policy is to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and any other laws and regulations as may be applicable to the Company.



Procedure

A. Disclosure of interests

- All Directors / KMPs are required to disclose the entities in which they or their relatives are deemed to be interested, in the prescribed form.
- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or relationship that could reasonably be expected to give rise to any conflict of interest.
- The Company shall maintain Register in the prescribed form.
- 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.

B. Disclosure of Related Party Transaction entered with the Company

Each Director and KMPs of the Company is responsible for providing declaration/notice in the prescribed Form to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he/she or his/her relative is interested, including any additional information about the transaction that the Company Secretary may reasonably request.

Details of all Material Transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance as required under Listing Agreement.

C. Approval Process

The Company shall enter any Related Party Transaction only with the prior approval of the Audit Committee. The Audit Committee may however grant omnibus approval for Related Party Transactions subject to the following conditions:

- a. Transactions of the Company with Related Party which are repetitive in nature;
- b. The omnibus approval for the transactions if it is in the interest of the Company;
- c. Omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Term of transaction;
 - Amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.

Further, in the event of exigency to enter a transaction and it is impractical to wait until a Meeting of the Audit Committee to consummate a Related Party Transaction, the Audit Committee, under this Policy, approve such transaction by Circular Resolution.

- d. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.



- e. In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction;
- f. The Audit committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered by the Company pursuant each of the omnibus approval given and inform the Board:
- g. 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 sub-regulation (1) of regulation 23 of Listing Regulations ;
 - iii) 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 the provisions of sub-regulation (9) of regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;
 - 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 to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

Shareholder approval

- Transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable;
- Transactions not in the ordinary course of business;
- Transactions in the ordinary course of business if not done at an arm's length;
- Material Related Party Transactions as defined under Regulation 23(1) of Listing Regulations, irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length or both.



Threshold for Material Related Party Transactions

For the purpose of determining material related party transactions during a financial year, the threshold limit shall be

- Transaction(s) (other than payment for brand usage or royalty) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore 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 and
- Transaction(s) involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Provided that the aforesaid threshold limits shall stand modified automatically to align with any changes to SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 or other applicable laws for the time being in force.

The aggregate of the transactions with a related party exceeding the aforesaid limits shall be treated as material requiring such approvals prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 or other applicable laws.

Consequences of non-compliance of the Policy for any Related Party Transaction

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against the employee by the Company under the Service Rules or Employee Standing Orders. Details of such disciplinary proceedings will form part of the personal file of such employee and will be considered as a default on his or her key responsibilities.

Disclosure

1. Details of all material transactions with related parties shall be disclosed quarterly.
2. The Company shall disclose the policy on dealing with Related Party Transactions on its website.

Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

This policy (including the thresholds) shall be reviewed by the Board of Directors at least once in three years and / or as and when required and updated accordingly.

Last reviewed by the Board of Directors at its meeting held on 02nd November 2023
