

NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

INTRODUCTION

The Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) specifies provisions relating to Related Party transactions and defined the term related parties, related party transactions, relatives and Key Management Personnel (KMP). The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

In addition, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) with the objectives to make the corporate governance framework more effective, necessitates all the listed companies to formulate a policy on materiality of Related Party transactions and also a policy on dealing with related party transactions.

Accordingly, the Board of Directors (the “Board”) of Nagarjuna Fertilizers and Chemicals Limited (the “Company”), has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions through this policy on Related Party Transactions (“Policy”) adopted by the Board, based on recommendations of Audit Committee in compliance, with Regulation 23(1) of the Listing Regulations.

The objective of this policy is to govern transactions between the Company and its Related Parties based on the laws and regulations that are applicable to the Company.

DEFINITIONS

- a. **“Audit Committee”** means a Committee of Board of Directors of the Company constituted under provisions of Listing Regulation and Companies Act, 2013, from time to time.

- b. **“Board”** means Board of Directors of the Company, as constituted from time to time.
- c. **“Related Party”**, will have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.
- d. **“Related Party Transaction”** have the meaning as defined under Listing Regulations, 2015, Companies Act, 2013 and applicable Accounting Standards.
- e. **“Relative”**, with reference to any person, means persons as defined in Section 2(77) of the Act and Rules prescribed thereunder.
- f. **“Material Related Party Transactions”**, means a transaction or transactions, as defined in Regulation 23 of Listing Regulations.
- g. **“Arm’s Length Transaction (‘ALP’)**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- h. **“Material modification”** means any subsequent change to an existing Related Party Transaction, having variance of 20% of the existing limit.
- i. **“Ordinary Course of Business (‘OCB’)**” means a transaction which is:
 - a) carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time, or
 - b) Historical practice with a pattern of frequency, or
 - c) In connection with the normal business carried on by the Company, or
 - d) The income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity, or common commercial practice, or
 - e) Meet any other parameters / criteria as decided by the Board/Audit Committee.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Listing Regulations, or any other applicable law or Regulation.

MATERIAL RELATED PARTY TRANSACTIONS

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the threshold limits specified in Listing Regulations from time to time.

MANNER OF DEALING WITH RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,

- a) at the time of appointment;
- b) periodically – as required by the Company or applicable law
- c) whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, companies, bodycorporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

A. TRANSACTIONS IN ORDINARY COURSE OF BUSINESS/ ON ARM'S LENGTH BASIS

Transactions with Related Parties which are in Ordinary Course of Business of the Company and on arm's length shall be periodically disclosed to the Audit Committee/Board.

Transactions being entered into with the Related Parties even though being in the ordinary course of business of the company shall satisfy the criteria of arm's length pricing. It shall be the responsibility of the Responsible Person to ensure that requisite evidence and documentation are made available to the Auditors/Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis.

B. ROLE OF AUDIT COMMITTEE

Every related party transaction and subsequent material modifications shall require prior approval of the Audit Committee, whether at a meeting or by resolution by circulation or any other manner as provided by the Companies Act, 2013 and Rules made thereunder, by Secretarial Standards and in compliance with Regulation 23(2) of the Listing Regulations.

However, the Company may obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the listed entity, which are repetitive in nature, subject to compliance of the conditions contained in Listing Regulations and Companies Act, 2013 and Rules made thereunder, as amended from time to time.

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

The omnibus approval shall specify:

- (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
- (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
- (iii) such other conditions as the audit committee may deem fit:

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

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company. If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

As per terms of reference approved by the Board of Directors, the Audit Committee shall also review the statement of significant Related Party transactions submitted by management.

Any member of the Committee who has a potential interest in any Related Party Transaction shall not remain present at the meeting when such Related Party Transaction is considered and only members of the audit committee, who are Independent Directors shall approve the Related Party Transactions.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.

C. ROLE OF BOARD OF DIRECTORS

- a) The Board shall approve all the Related Party Transactions as are required to be approved under Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.
- b) Transactions meeting the materiality thresholds which are intended to be placed before the shareholders for approval.

D. ROLE OF SHAREHOLDERS OF THE COMPANY

All the transactions with related parties meeting the materiality thresholds as per the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are placed before the shareholders for approval. Further, no related party shall vote to approve the particular transaction.

In case the shareholders decide not to approve a Related Party Transaction, the Board/Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

In addition to the above, all kinds of transactions specified under Section 188 of the Act and Listing Regulations which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies Act and rules made thereunder and Listing Regulations shall be placed before the shareholders for its approval.

DISCLOSURES

- a) All related party transactions requiring the approval of the Board/ Members shall be disclosed in the Board's Report along with details and justification for entering into such transaction.
- b) Details of material transactions with related parties shall be disclosed and published on the website in compliance with Listing Regulations
- c) The company shall disclose transactions with related parties as per the applicable Accounting Standards to the Company.
- d) The company shall disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take such action it deems appropriate.

AUTHORITY

Approved by the Board of Directors on November 12, 2024.

LIMITATION, POLICY REVIEW AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("**Applicable Law**"), the provisions of the Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this policy.

The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).