



**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**

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**RELATED PARTY TRANSACTION POLICY**

**(Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions)**

*(Amended by the Board at the meeting held on 28-01-2026)*

**A. INTRODUCTION**

The Policy is framed to ensure due and proper compliance with the applicable statutory provisions and to fortify that proper procedure is defined and followed for approval/ratification and reporting of transactions, if any, as applicable, between the Company and any of its Related Parties. The provisions of the Policy are designed to govern the transparency of approval process and disclosures requirements to accord fairness in the treatment of related party transactions.

**B. OBJECTIVE OF THE POLICY**

The objective of this Policy is to set out:

- (a) the materiality thresholds for related party transactions and;
- (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

It may be modified pursuant to the amendment in the Companies Act, 2013 or SEBI(LODR) Regulations, 2015 or any Rules and Regulations made therein.

**C. DEFINITIONS**

1. **“Act”** shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
2. **“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.

3. **“Company” or “FACT”** means The Fertilisers and Chemicals Travancore Limited.
4. **Government Company(ies)** - In accordance with Section 2(45) of the Companies Act, 2013 read with related rules issued thereon, Government Company means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company;
5. **Key Managerial Personnel’s (KMPs)** - in relation to a company, means-
- 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 under Companies Act, 2013.
6. **“Material Related Party Transaction”** means a Material Related Party Transaction as defined under the Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 thresholds specified in Schedule XII of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as under

<b>Consolidated Turnover</b>	<b>Threshold</b>
(I) Up to ₹20,000 crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 crore to upto ₹40,000Crore	₹2,000 crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 crore	₹3,000 crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 crore or ₹5000 crores, whichever is lower

Notwithstanding the above, a transaction 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 listed entity as per the last audited financial statements of the listed entity.

#### 7. **Material Modification in Related Party Transaction**

Material modification in a related party transaction means any amendment or modification in the transaction(s)/ contract(s)/ arrangement(s) which will have an impact to increase the value of the approved transaction(s) for a Financial Year by 25% or more during corresponding Financial Year. Provided that such increase in the value of RPT on account of following shall not be considered for Material Modification:

- Change in quantity or rate of the existing RPT due to the reasons beyond control of the related parties; and
- Change due to revision / imposition of statutory levies like taxes, duties, etc.

8. **“Net worth”** as defined under Section 2(57) of the Act means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

9. **“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
- e. common commercial practice, or
- f. meets any other parameters / criteria as decided by the Board/Audit Committee.
- g. All remuneration to key Managerial Personnel in the said capacity, which is paid as per Government Directives and/or as approved by the Board of Directors, in the normal course of business.

10. **“Relative” means** a relative as defined in Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

11. **“Related Party”** In accordance with Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, related party means a related party defined under sub-section 76 of Section 2 of the Companies Act, 2013 or under the applicable accounting standards (Ind AS-24).

As per Section 2(76) of the Companies Act, 2013, Related Party means:

- (i) a Director or his relative;
- (ii) a Key Managerial Personnel or his relative;
- (iii) a firm, in which a Director, Manager or his relative is a partner;
- (iv) a private company in which a Director or Manager or his relative is a member or Director;
- (v) a public company in which a Director or manager is a Director and holds along with his relatives, more than 2% of its paid-up share capital;
- (vi) 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;
- (vii) any person on 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.

(viii) any company 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 investing company or the venturer of the company.

(ix) A Director (other than an Independent Director) or KMP of the holding company of such company or his relative.

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”.

12. **“Related Party Transactions”** as defined under Regulation 2(1) (zc) of the SEBI Listing Regulations means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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.

Section 188 of the Companies Act, 2013, encompasses all contracts or arrangement with a Related Party with respect to:

- (i) sale, purchase or supply of any goods or materials;

- (ii) selling or otherwise disposing of, or buying, property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering of any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (vii) Underwriting the subscription of any securities or derivatives thereof, of the company.

13. "**Transaction**" shall be construed to include single transaction or a group of transactions in a contract;

14. "**Turnover**" means a turnover as defined in Section 2(91) of the Companies Act, 2013 and rules prescribed thereunder.

15. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation. Wherever, the terms defined herein as per the Sections or Regulations quoted becomes or is inconsistent with the stated provisions, the definition in the Act or the Regulation shall prevail over what is stated in this Policy.

#### **D. PROCEDURE**

1. **Approval by Audit Committee:** In line with the provisions of Regulation 23 of SEBI (LODR) 2015, and the provisions of Section 177 of the Companies Act, 2013, all related party transactions and subsequent material modifications shall require prior approval of the Audit Committee. Related party transactions shall be approved only by the members of the audit committee, who are independent directors.

However, the remuneration and sitting fees paid by FACT to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not a material related party transaction.

2. **Omnibus Approval** - Audit Committee may grant omnibus approval for Related Party Transactions pursuant to Section 188 of the Act read with Rule 6A and Rule 15 of the Companies (Meetings of the Board & its Powers) Rules 2014 and Regulation 23 of SEBI (LODR) Regulations, 2015. Such approval may be granted by Audit Committee for the proposed transaction subject to the following:

- a) Transactions are repetitive in nature;

- b) Maximum value of the transactions in aggregate which can be allowed under the Omnibus Route – Rs. 100 Crore or as fixed in consultation with the Board of Directors from time to time.
- c) Maximum Value per transaction – Rs. 10 Crore or as fixed in consultation with the Board of Directors from time to time.
- d) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- e) The omnibus approval shall specify:
  - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can 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.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided for such transaction the value does not exceed Rs.1 crore per transaction;

- (a) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given.
- (b) Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

3. **Details to be provided to the Audit Committee** - In accordance with Companies Act, 2013 read with related rules issued thereon including any statutory modification and amendment thereof, with respect to Related Party Transactions following information, to the extent relevant, shall be presented to the Audit Committee:

- A general description of the transaction(s), including the nature, duration of the contract, material terms and conditions and particulars of the contract or arrangement.
- The name of the Related Party and the basis on which such person or entity is a Related Party.
- Name of director or KMP who is related
- Nature of relationship
- Any advance paid or received for the contract or arrangement, if any.
- Period of transaction
- Maximum amount of transaction that can be entered into

- The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
  - The indicative base price / current contracted price and the formula for variation in the price if any. Other commercial terms, both included as part of contract and not considered as part of the contract
  - Any other material information regarding the transaction(s) or the Related
  - Party's interest in the transaction(s).
4. **Approval of Board / Shareholders** - In accordance with the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI(LODR) 2015, the Board of Directors and shareholders of the Company shall accord prior approval for related party transactions, as under:
- a. **Board of Directors and Shareholders approval in terms of Companies Act, 2013** – Prior approval of the Board and Shareholders is required for specified transactions which are not in the ordinary course of business or not on arm's length basis.
  - b. **Board of Director's and Shareholders approval in terms of SEBI (LODR), 2015** - In terms of Regulation 23 of SEBI(LODR) 2015, All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the Shareholders of the Company by way of resolution. All entities falling under the definition of related parties shall abstain from voting at the shareholders meeting, irrespective of whether the entity is a party to the particular transaction or not.

However, approval of Shareholders by way of a resolution would be required under Section 188 of the Companies Act 2013 and rules made thereunder for related party transactions if they are not in the ordinary course of business and / or are not on arm's length basis and exceed the limits provided for the specified transactions as mentioned below:

<b>Transactions covered</b>	<b>Transaction value</b>
Sale, purchase or supply of any goods or materials directly or appointment of agents *	Exceeding 10% or more of turnover of the Company or Rs.1000 Crore, whichever is lower
<b>Transactions covered</b>	<b>Transaction value</b>
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents *	Exceeding 10% or more of Net Worth of the Company or 10% or more of turnover of the Company or Rs. 1000 Crore, whichever is lower

Leasing of property of any kind*	Exceeding 10% of net worth of the Company or 10% or more of turnover of the Company or Rs.1000 Crore, whichever is lower
Availing or rendering of any services directly or through appointment of agents*	exceeding 10% or more of Turnover of the Company or Rs. 1000 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 exceeding Rs.2.5 Lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	Exceeding 1% of Net Worth

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

c. **Exemption from approval** - In terms of Regulation 23(5) of SEBI (LODR) 2015, following transactions are exempted from the requirement of obtaining the Board/Shareholders approval,

- (i) Transactions entered into by FACT with other public sector government companies;
- (ii) Transactions entered into between FACT and its wholly owned subsidiary whose accounts are consolidated with FACT and placed before the shareholders at the general meeting for approval.

d. In accordance with Section 188 of the Companies Act, 2013 read with related rules issued thereunder, in case of wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

## **E. MONITORING**

The details of related party transactions, if any, should be duly forwarded to the Manager-in-Charge of Internal Audit by the concerned executives. The Manager-in-Charge of Internal Audit shall monitor the related party transactions and put up the same before the Audit Committee/Board. He shall be the Compliance Officer of all types of related party transactions under this policy.

## **F. RATIFICATION OF THE RELATED PARTY TRANSACTIONS**

Where any contract or arrangement, which is considered as a Related Party Transaction as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board

or the shareholders of the Company, as the case may be, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

In case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

## **G. DISCLOSURE**

- (i) Every Contract or arrangement entered into with Related Parties with the approval of Board / Shareholders as per Section 188(1) of the Companies Act 2013, shall be included in the Board's Report to the shareholders in Form AOC 2 or such other form as may be amended from time to time.
- (ii) Further, in accordance with Section 184 of the Companies Act, 2013 and all other applicable provisions, every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.
- (iii) Details of Material Related Party Transactions of the policy shall be disclosed quarterly along with the compliance report on corporate governance to be filed with Stock Exchanges.
- (iv) 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.
- (v) The company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Securities and Exchange Board of India from time to time, and publish the same on its website

## **H. REGISTER OF CONTRACT OR ARRANGEMENTS WITH A RELATED PARTY**

The Company shall maintain Register of Contract or arrangements with a related party with respect to which Section 188(1) of the Companies Act,

2013 applies in Form MBP 4 or such other form as may be amended from time to time.

**I. MODIFICATIONS AND AMENDMENTS IN THE POLICY**

The Audit Committee of the Company shall review and may recommend amendments to this policy from time to time, subject to the approval of the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013, rules made therein, SEBI (LODR) 2015 and any further amendments and notifications as may be made effective in this regard.

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