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POLICY ON RELATED PARTY TRANSACTIONS AND MATERIALITY OF RELATED PARTY TRANSACTIONS

Amended on November 12, 2026

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PURPOSE AND SCOPE

The Board of Directors of Alufluoride Limited ("the Company"), on recommendation of the Audit Committee, has adopted this policy to regulate transactions of the Company by Related Parties in compliance with various applicable laws, including under the Companies Act, 2013 (the "Act") and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as LODR), prescribed for related party transactions.

Pursuant to Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations), the Company is required to formulate a policy on related party transactions and materiality of related party transactions, approved by the Board of Directors and such policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

The Company has formulated guidelines for identifying related parties and maintaining proper documentation of all related party transactions in compliance with the provisions of Section 188 of the Companies Act, 2013 read with the Rules made thereunder and Regulation 23 of the Listing Regulations.

The Policy provides a framework for governance and reporting of related party transactions, including material transactions. Amendments from time to time to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the basis of identifying related parties of the Company as well as related party transactions, (b) the materiality thresholds for related party transactions and (c) the manner of entering into transactions between the Company and its related parties based on the Act read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

DEFINITION

a) **Arm's Length Basis**: RPT will be treated to be on 'Arm's Length Basis' if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.

b) **Audit Committee**: means the Committee of the Board constituted from time to time under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

c) **Material Related Party Transaction**: 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 specified in Schedule XII to the Listing Regulations (being, for a listed entity having annual consolidated turnover of up to ₹20,000 crore, ten per cent of the annual consolidated turnover of the Company as per its last audited financial statements for the immediately preceding financial year).
Payment made with respect to Brand Usage or Royalty shall be considered material, if transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 5% of Annual Consolidated Turnover as pr latest Audited Financial Statements of the Company

d) **Ordinary Course of Business**: means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as enunciated in the Memorandum and the Articles of Association. The Board and the Audit Committee may lay down principles for determining in the ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

e) **Related Party**: means a related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards.

Provided that effective April 1, 2022:

a) any person or entity forming part of the promoter or promoter group of the Company; or

b) any person or any entity, holding equity shares:
(i) of 20% or more; or
(ii) of 10% or more, with effect from April 1, 2023;
in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

f) **Related Party Transaction:** means a transfer of resources, services or obligations between the 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.

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Effective April 1, 2022, related party transaction means a transaction involving a transfer of resources, services or obligations between:

(i) Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding shall not be related party transactions.

   i. payment of dividend;
   ii. subdivision or consolidation of securities;
   iii. issuance of securities by way of a rights issue or a bonus issue; and
   iv. buy-back of securities.

c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

e) Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

f) retail purchases from any listed entity or its subsidiary by its directors, key managerial personnel, employees or relatives of its directors or key managerial personnel, without establishing a business relationship and on terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel:

g) Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);]

h) Related party transactions under Companies Act, 2013

The following transactions entered with related party are considered as related party transactions under the Companies Act ,2013

a) sale, purchase or supply of any goods or materials;
b) selling or otherwise disposing of, or buying, property of any kind;
c) leasing of property of any kind;
d) availing or rendering of any services;
e) appointment of any agent for purchase or sale of goods, materials, services or property;
f) appointment of a related party to any office or place of profit in the Company, its subsidiary company or associate company; and underwriting the subscription of any securities or derivatives thereof of the Company;

g) **Material Modifications:** means and includes any modification to an existing related party transaction having variance of 20% of the approved limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be.

h) **Relative:** means a relative as defined under sub-section (77) of Section 2 of the Companies Act 2013 i.e. with reference to any person, means anyone who is related to another, if—

a) members of a Hindu Undivided Family;
b) Spouse
c) Father (including Step-Father)
d) Mother (including Step-Mother)
e) Son (including Step-Son)
f) Son's wife
g) Daughter
h) Daughter's husband
i) Brother (including Step-Brother)
j) Sister (including Step-Sister)

POLICY AND PROCEDURE FOR APPROVING RELATED PARTY TRANSACTIONS

The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.

- **Identification of potential Related Party Transactions**

  Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board / Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Finance & Accounts Dept. shall ensure that no related party transaction are processed without the approval of the Audit Committee and it shall be duty of the Finance & Accounts Dept.to communicate all related party transactions in advance to the Company Secretary to enable to take requisite approvals.

The Company strongly prefers to receive such notice of any potential related party transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

- **Approval by the Audit Committee of the Company**
  The Company shall not enter into any related party transactions and subsequent material modifications without the prior approval of the Audit Committee of the Company unless the transaction /contract/ arrangement enjoys any exemption as provided under the Companies Act, 2013 or Rules made there under or under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Provided further that:

a) the audit committee of the Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

   Material Modification shall mean and include any modification/ alteration or variation in relation to any increase or decrease in the value of the transaction/s (except arising out of change in relation to any statutory taxes) or period of contract or any term which has direct or indirect impact on cost, quality or delivery against the agreed terms in relating to any existing related party transaction/s,

b) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, and whose value, whether entered into individually or taken together with previous transactions during a financial year, exceeds ₹1 crore, shall require prior approval of the Audit Committee of the Company if such value exceeds the lower of (i) ten per cent (10%) of the annual standalone turnover of the subsidiary as per its last audited financial statements (or, where the subsidiary does not have audited financial statements for at least one year, ten per cent (10%) of the aggregate of its paid-up share capital and securities premium account, as on a date not older than three months prior to seeking approval); and (ii) the materiality threshold applicable to the Company under Schedule XII to the Listing Regulations;

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the company, subject to the conditions as stated under Regulation 23(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore.

The Audit Committee shall review the related party transaction on quarterly basis, during the Board meetings, in which quarterly unaudited financial statements of the Company are considered.

Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

Approval of the Audit Committee omnibus approval and/or approval of shareholders shall not be necessary for:

a) transactions between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
b) transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

➢ **Approval by the Board of Directors of the Company**

Pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, all transactions which are not in the ordinary course of business or not on arm's length basis, shall be placed before the Board and/or its Shareholders, as applicable, for approval.
The following transactions with related parties shall also be placed before the Board for its approval:

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or on arm's length and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and on arm's length, but which in the view of the Audit Committee requires approval of the Board; and
- Related party transactions which are to be mandatorily approved by the Board under any law.

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- **Approval of the Shareholders of the Company**

  All transactions enumerated in the first proviso to Section 188(1) of the Companies Act, 2013, which (a) are not in the ordinary course of business or not on arm's length basis; and (b) exceed the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, shall be placed before the shareholders for its approval. Notwithstanding, the RPTs which cross the Materiality thresholds as defined herein shall be entered by the Company only with prior approval of shareholders of the Company, as per applicable provisions of the LODR, as may be amended from time to time. Any omnibus approval of the shareholders for material related party transactions shall be valid, if obtained at an Annual General Meeting, up to the date of the next Annual General Meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 and, if obtained at any other general meeting, for a period not exceeding one year from the date of such meeting.

  All material related party transactions shall need prior approval of the Shareholders of the Company through a Resolution on which, no related party shall vote, whether the entity is a related party to the particular transaction or not.

  Exclusions: The following shall not be deemed as a RPT:

  i) Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;
  ii) Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than key managerial personnel (or comparable position), provided that each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company's average net profit for the preceding three financial years;
  iii) Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party.

RATIFICATION BY AUDIT COMMITTEE AND /OR BOARD AND/OR SHAREHOLDER OF THE COMPANY

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Audit Committee or Board or shareholder pursuant to Section 188(1) of the Companies Act, 2013 read with Regulation 23 of SEBI LODR Regulations and if is not ratified by the Audit Committee and /or Board and/or

shareholders within 3 months from the date of contract or arrangement ,Such contract or arrangement shall be voidable at the option of the Board (and, where applicable, the shareholders). If such 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.

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. The 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. The 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 any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has already commenced without prior approval of the Audit Committee, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

DISCLOSURES

- Every Director and Key Managerial Personnel (KMP) shall disclose the parties in which they are deemed to be interested.
- The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time and publish the same on its website.
- Effective April 1, 2023, the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.
- The Company shall disclose, in the Board Report, transactions prescribed in Section 188 of the Companies Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.
- 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.

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ADMINISTRATIVE MEASURES

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

LIMITATION 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 Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.

REVIEW

The policy shall be reviewed by the Board of Directors at least once in every 3 years and updated accordingly.

INTERPRETATION

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.