

## **POLICY ON RELATED PARTY TRANSACTIONS**

**The Board lays down the following policy in respect of transactions with related parties.**

1. Related party is defined in 2(76) of the Companies Act 2013. The company shall prepare a register of related parties in which their names addresses, business carried on by them and nature of relationship shall be recorded. This register shall be constantly kept updated.
2. Provisions of s.188 of Companies Act, 2013 shall be strictly followed.
3. Transactions requiring prior approval of the board must be presented to the Board as part of the agenda with full details and justifications as to price and other terms and conditions and preferably be sent at least seven days before the date of the meeting.
4. No member of the Board who is a related party shall vote in respect of any matter concerning a related party transaction especially on grant of approval to the transaction.
5. In respect of transactions entered into in the ordinary course of business with a related party the Board shall ensure and keep on record that it is entered into at arm's length. Arm's length basis shall mean a transaction between to related parties that is conducted as if they were unrelated so that there is no conflict of interest and also at the prevailing market prices without an element of favouration or to the detriment of companies' financial & commercial interests or reputation.
6. Wherever feasible quotations, offers, bids tenders shall be invited from the public, before any contract or arrangement is entered into with a related party.
7. In case of transactions on a continuous basis, Board's approval shall be taken in advance for a defined period and up to a defined limit as a cap. If there is any variation in facts or circumstances, it shall be brought to the notice of the Board forthwith.
8. Wherever statutory approvals are required in respect of such transaction Board and Management shall ensure that they are obtained in time and such facts shall be recorded in the minutes of the meeting.

***The Ugar Sugar Works Ltd.,***

9. A report should be submitted signed by M.D./Joint MDs/Executive Director, if any detailing the transactions with related parties and any significant features of those transactions.
10. Arm's length basis determination of price paid/ received should be on uncontrolled comparable price method and should satisfy the requirements of domestic transfer pricing rules as contained in chapter X of the Income Tax Act, 1961.
11. If a transaction with a related party is likely to result in any loss expenditure of an extraordinary nature or a liability or damage to the company or its properties it should be clearly and precisely reported to the Board.
12. There shall be complete transparency openness, bona fides and absence of conflict of interest in all related party transactions and also of in its reporting.