



UTTAM SUGAR MILLS LIMITED

(Policy on Related Party Transactions)

1. PREAMBLE

In compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to establish a policy on materiality of related party transactions and formulate the same. The Board of Directors of Uttam Sugar Mills Limited ("USML") has adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee will review and may amend this policy from time to time.

2. PURPOSE

This policy is framed as per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the provisions of Companies Act, 2013. The policy is intended to ensure the governance and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Annual Report certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

The main objective of this Policy is to establish requirements for disclosure of :

- (a) related party transactions and
- (b) related party relationships

3. IMPORTANT DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Arm's Length Transactions" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Associate Company" means any other company, in which the Company has a significant influence, but which is not a Subsidiary company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause, "significant influence" means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"Audit Committee" means the Committee of the Board constituted by the Board of Directors of USML in accordance with provisions of Section 177 of Companies Act, 2013 read with the Rules made thereunder and Listing Regulations.

"Board" means Board of Directors of the Company.

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

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013.

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1000 or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, 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.

“Material modification(s)” shall mean any modification made in the terms and conditions of any Related Party Transactions, which are existing as on the date of adoption of this Policy or entered subsequently as originally approved by the Audit Committee and/ or shareholders, as the case may be, having significant impact, including the criteria illustrated below, on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.

Inclusive list of rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results into any of the following:

- A variation in the value of the transaction/ contract as originally approved, by 10% or more.
- The terms of the contract cease to be arm’s length.
- Granting of wavier, abatement or any other relief to other party, which results into a financial implication equal to 10% or more of the value of the contract.
- Extension of tenure of contract by 10% or more of original tenure, except for completion of any residual performances.
- Any modification which results into the claims of either party being subordinated, or relaxation of security interest:
Provided that giving any consent for cessation of pari passu charge or any other security interest, provided there is adequate asset cover, shall not be deemed as modification of contract.
- Any novation of the contract or arrangement to a third party.

Provided further that the following shall not be considered as material modification:

- modifications which may be mandated pursuant to change in law,
- modifications pursuant to and in accordance with the terms of the approved transaction/ contract, with mutual consent of parties,

- modifications resulting from change in constitution of either of parties pursuant to scheme of arrangement (eg: merger, amalgamation, demerger, etc.),
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties,
- modifications uniformly affected for similar transactions with unrelated parties.

“Ordinary course of business” means a transaction which is

- 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
- customs and practices of a business and it is in the normal routine in managing trade or business, or
- common commercial practice, or
- meets any other parameters / criteria as decided by the Board/Audit Committee.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in

- Regulation 2(1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (hereinafter referred to as “Listing Regulations”),
- sub-section (76) of Section 2 of the Companies Act, 2013 (as amended) (hereinafter referred to as “the Act”),
- under the applicable accounting standards.

“Related Party Transaction” “related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- a listed entity 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 listed entity 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.

“Relative” means relative as defined under Section 2(77) of the Act read with Rule 4 of the Companies (Specification of Definition Details) Rules, 2014.

“USML or Company” means Uttam Sugar Mills Limited

4. POLICY

All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. All RPTs proposed to be entered and subsequent Material Modification thereto shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business and at arm’s length. The Audit

Committee shall accordingly recommend the RPTs for the approval of Board of Directors/ Shareholders as per the terms of this Policy.

All Material RPTs shall require the approval of Shareholders through ordinary resolution. Further, no entities falling under the definition of “Related Parties” shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

a) Identification of related parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Listing Regulations.

b) Identification of related party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company may seek external professional opinion, if necessary.

c) Procedure for approval of related party transactions

As per Companies Act, 2013 and Listing Regulations all Related Party Transactions and modifications therein require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party transactions proposed to be entered.

As per the Companies Act, 2013, in case, if the related party transactions are not at arm’s length or not in ordinary course of business they will require Board and/or shareholders’ approval. The Company is required to obtain prior approval of the Board and Shareholders in a meeting before entering into any contract or arrangement with a related party in respect of the transactions as given in the table below:

No.	Related Party Transactions requiring Board Resolution	Related Party Transactions requiring Shareholders Approval
a)	Sale , purchase or supply of any goods or material	Sale, purchase or supply of any goods or materials directly or through appointment of agents amounting to 10% or more of the turnover* of company.
b)	Selling or otherwise disposing of, or buying, property of any kind,	selling or otherwise disposing of, or buying property of any kind directly or through appointment of agents amounting to 10% or more of the net worth* of company.
c)	Leasing of property of any kind	leasing of property of any kind exceeding amounting to 10% or more of the turnover* of company.
d)	Availing or rendering of any service,	availing or rendering of any services directly or through appointment of agents amounting to 10% or more of the turnover* of company.
e)	Related party’s appointment to any	appointment to any office or place of profit in

	office or place of profit in the company its subsidiaries and associates,	the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000.
f)	Underwriting the subscription of any securities or derivatives thereof.	remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth*
	Conditions when taking Board Resolutions	Conditions when taking Shareholder's Approval
	<p>Agenda of board meeting will disclose:-</p> <ul style="list-style-type: none"> - name of the related party, nature of relationship, - nature, duration and particulars of the contract or arrangement, - material terms of the contract, - advance paid or received for the contract or arrangement - manner of determining the pricing and other commercial terms, - whether factors relevant to the contract have been considered, if not details of that, - any other information, help the board to take decision. <p>Where any director is interested in any contract with related party, such director shall not be present at the meeting during discussion.</p>	<p>No member of the company shall vote on such resolution if such member is a related party.</p> <p>Explanatory statement to be annexed to the notice of General Meeting, contains:-</p> <ul style="list-style-type: none"> - Name of related party - Name of director and K.M.P. who is related - Nature of relationship - Nature, material terms, monetary value and particulars of contract or arrangements - Any other information relevant or important for the members to take a decision on the proposed resolution.

* The Turnover or Net Worth referred in the above shall be on the basis of the audited financial statement of the preceding financial year.

6. REVIEW AND PROCEDURE FOR APPROVAL FOR RELATED PARTY TRANSACTIONS

A. Audit Committee

All Related Party Transactions and Material Modifications thereto of the Company with its Related Parties shall require prior approval of the Audit Committee. Any other modification should also be approved (may be ratified) by the Audit Committee.

Prior approval of the Audit Committee of the listed entity shall also be required in the following instances:

- a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of annual consolidated turnover, as per the last audited financial statements of the Company; and

- b. a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary, with effect from April 1, 2023.

However, such prior approval as mentioned under clause (a) and (b) as aforesaid shall not be required for a related party transaction wherein the subsidiary is listed and regulation 23 of Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, prior approval of the audit committee of the listed subsidiary shall suffice.

Approval of the Audit Committee shall not be required for any transaction which has been entered into by the Company with its wholly owned subsidiary and 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. However, approval shall be required in case of Related Party Transaction entered into between the Company and its wholly owned subsidiary for transactions specified in section 188 of the Act.

Only those members of the Audit Committee who are independent directors shall approve Related Party Transactions

Omnibus approval by Audit Committee

- i. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - a) repetitiveness of the transactions (in past or in future);
 - b) justification for the need of omnibus approval.
- ii. The Committee shall satisfy itself that such approval is in the interest of the Company.
- iii. Such omnibus approval shall specify –
 - a) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - b) The indicative base price / current contracted price and the formula for variation in the price if any, and
 - c) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 (One) crore per transaction.

- iv. It shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

- v. Such omnibus approvals shall be valid for a period not exceeding 1 (one) financial year.
- vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- vii. Any other conditions as the Audit Committee may deem fit.

Any member of the Audit Committee who has interest in any RPTs will recuse himself or herself and abstain from discussion and voting on the approval of the RPTs.

In order to review RPTs, the Audit Committee will be furnished with all relevant material information of the RPTs, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

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.

B. Board Approval

Where it is mandatory under the Applicable Law for the Board to approve a RPT or the Audit Committee determines that a RPT should be brought before the Board, then such RPTs shall be approved by the Board.

C. Shareholder's Approval

All material RPTs and material modifications thereto or cases where the Audit Committee and the Board determines that a RPT should be brought before the Shareholders, prior shareholders' approval shall be for such transactions.

Approval will not be required if the transaction is entered into with wholly owned subsidiary(ies) and between two wholly-owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. LIMITATION

Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

8. DISCLOSURES

- a) The Company is required to disclose Related Party Transactions in the Board's Report to shareholders of the Company alongwith justification for entering into such transactions.
- b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations.
- c) The Company is also required to disclose this Policy on its website and web link will also be provided in the Annual Report of the Company.

- d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party. This Policy will be communicated to all operational employees and other concerned persons of the Company.

9. AMENDMENT

The USML reserves the right to amend or modify this Policy in whole or in part, at any point of time.

10. NOTE

The provisions of the Companies Act, 2013 and rules thereto and the Listing Regulations (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.