



RANA SUGARS LIMITED

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POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors' (the "Board") of Rana Sugars Limited (the "Company") has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013, other applicable Provisions of the Act, Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time. Any amendment in the said Acts/ Regulations at any point of time in future shall be automatically deemed to be incorporated herein. Amendment to this Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee and the Board shall review this Policy at least once every three years.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

- **"Audit Committee or Committee"** means the Committee of the Board constituted from time to time under the provisions of Clause 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177 of the Companies Act, 2013.
- **"Board"** means the Board of Directors of Rana Sugars Limited.
- **"Key Managerial Personnel"** means Key Managerial Personnel as defined under the Companies Act, 2013.
- **"Material Related Party Transaction"** will have the same meaning as defined in Regulation 23.
- **"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.
- **"Related Party Transaction"** have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations as means 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, as envisaged in Section 188(1) and includes –

- 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 the purchase or sale of goods, materials, services or property;
- f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

(The above list is an indicative list and not an exhaustive one. The Audit Committee can add any other matter at any time as it deems fit).

- **“Relative”** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –
 - a) Members of a Hindu undivided family;
 - b) Husband or wife;
 - 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); or
 - j) Sister (including step-sister).
- **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.
- **“Arm's Length Transaction”** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- **“Ordinary Course of Business”** means a transaction which is:
 - i) 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,
 - ii) historical practice with a pattern of frequency,
 - iii) in connection with the normal business carried on by the Company
 - iv) 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,
 - v) common commercial practice
 - vi) meets any other parameters/ criteria as decided by the Board/ Audit Committee
- **“Material Modifications”**: In relation to a Related Party Transaction approved by the Audit Committee or a material related party transaction approved by the Shareholders, as the case may be, material modifications means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.

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, as amended from time to time.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

4. POLICY

The Audit Committee shall review and approve all Related Party Transactions and subsequent material modifications therein based on this Policy.

All proposed Related Party Transactions and subsequent material modifications must be undertaken with prior approval of the Audit Committee in accordance with this Policy. In the case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre- approval/ omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the prescribed form MBP-1 every year in the first Board meeting of the Financial year on an annual basis. Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the information furnished by him immediately on him/ her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Party Transactions in the prescribed form MBP-4.

Every Director, Key Managerial Personnel, Functional/ Business heads/ Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board/ Committee may request, for being placed before the Committee and the Board. The information will be provided as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/ valuation expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions shall be subject to the prior approval of the Audit Committee. A member of the Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting or if he/ she is present, shall abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered. Further, the relevant provisions of the Companies Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be complied with by the Company in this

regard at the time of discussing, reviewing and approving any Related Party Transaction and subsequent material modifications in the Audit Committee, Board Meeting or the meeting of the Shareholders of the Company.

4.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e. events after the initial transactions have commenced) like evolving business strategies/ short term commercial decisions to improve/ sustain market share, changing market dynamics, local competitive scenario, economic/ regulatory conditions affecting the global/ domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

4.2.2 APPROVAL BY THE BOARD

Related Party Transactions shall be placed before the Board for its consideration & approval. Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances

4.2.3 STANDING PRE-APPROVAL/ OMNIBUS APPROVAL BY THE COMMITTEE

In case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval/ omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction

- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/ amended beyond the pre-approved variations. Any proposed variations/ amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

4.2.4 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions and subsequent material modifications shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

4.2.5 THRESHOLDS FOR VARIOUS RELATED PARTY TRANSACTIONS

Following thresholds have been decided by the Board:

Except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into:

- (a)** as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mention below-
 - i)** Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% or more of the turnover of the company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - ii)** Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - iii)** Leasing of property any kind amounting to 10% or more of turnover of the company as mentioned in clause (c) of sub-section (1) of section 188;
 - iv)** Availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

- (b)** is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.
- (c)** is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth as mentioned in clause (g) of sub-section (1) of section 188.
- (d)** 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 2% of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity.

4.2.6 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through resolution provided that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

4.2.7 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

4.3 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction.

The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

5. SCOPE/ LIMITATION

In the event of any conflict between the provisions of this Policy and of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy

6. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

Amended and Adopted by the Board of Directors on 10th June, 2021.