

SPENCER'S RETAIL LIMITED
(Formerly Known as RP-SG Retail Limited)

POLICY ON IDENTIFICATION OF GROUP COMPANIES, MATERIAL LITIGATIONS
AND MATERIAL CREDITORS

A. INTRODUCTION:

The board of directors ("**Board**") of Spencer's Retail Limited ("**Company**") had approved a Composite Scheme of Arrangement between and amongst CESC Infrastructure Limited, erstwhile Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited ("**CESC**"), Haldia Energy Limited, Spencer's Retail Limited, RP-SG Business Process Services Limited, Crescent Power Limited and their respective shareholders ("**Scheme**") on May 22, 2017. The National Company Law Tribunal, Kolkata ("**NCLT**") sanctioned the Scheme, pursuant to the order dated March 28, 2018 subject to the terms and conditions specified in the order.

As per the Scheme, In terms of the Scheme, with effect from 1 October 2017, the Retail Undertakings (as defined in the Scheme) of CESC and Spencer's Retail Limited were transferred and vested into the Company. In consideration, the Company shall issue fully paid up equity shares of Rs 5 each in the ratio of 10:6 to the equity shareholders of CESC. Accordingly, the equity shares of the Company will be listed on stock exchanges in India, where shares of CESC are listed i.e., BSE Limited ("**BSE**"), the National Stock Exchange of India Limited ("**NSE**") and the Calcutta Stock Exchange Limited ("**CSE**").

In order to list the equity shares of the Company, the Company is required to submit a Draft Information Memorandum with the BSE, NSE and CSE and an Information Memorandum with BSE, NSE and CSE. The Information Memorandum shall also be required to be disclosed on the Company's website. With regard to the Draft Information Memorandum and the Information Memorandum, Securities and Exchange Board of India ("**SEBI**") has provided guidance that an Information Memorandum shall be conscripted like prospectus for an initial public offer of any company. Therefore, the Draft Information Memorandum and the Information Memorandum to be submitted by the Company shall include all disclosures as required for a public issue (to the extent applicable to an Information Memorandum). As per the disclosure requirements under the

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"ICDR Regulations"**) a Company is required to disclose its policy of materiality in the Draft Information Memorandum and the Information Memorandum.

In view of the above, the Board of the Company is required to adopt a policy on materiality on Group Companies, material litigations and material creditors of the Company.

All capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Draft Information Memorandum and the Information Memorandum.

B. OBJECTIVE :

This document has been formulated to define the materiality policy for identification of (i) outstanding litigation involving Spencer's Retail Limited (the **"Company"**), Subsidiaries and the Directors and Promoters; (ii) Group Companies, and (iii) identification of material creditors (together, the **"Policy"**), in terms of the disclosure requirements under Schedule VI of the ICDR Regulations for the purposes of disclosures in the Draft Information Memorandum and the Information Memorandum.

This policy shall be called the **'Policy on Identification of Group Companies, Material Creditors and Material Litigations' ("Policy")**

This Policy on Identification of Group Companies, Material Litigations and Material Creditors shall be come into effect from the date of its approval by our Board.

C. POLICY PERTAINING TO THE IDENTIFICATION OF GROUP COMPANIES AND MATERIAL CREDITORS AND MATERIAL LITIGATIONS:

The policy with respect to the identification of the group companies of our Company, material litigations and material creditors shall be as follows:

Identification of the Group Companies

In terms of the ICDR Regulations, group companies, include such companies (other than promoter(s) and subsidiary(ies)): (i) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed in the Draft Information Memorandum and the Information Memorandum, as covered under the applicable accounting standards, and (ii) any other companies as considered material by the Board of Directors. Accordingly, all such companies (other than the corporate Promoter and Subsidiaries) covered under the schedule of related party transactions as per the standalone Financial Statements shall be considered as Group Companies.

In addition, the policy on identification of any other 'material' companies for consideration as Group Companies (other than the corporate Promoter, Subsidiaries and the companies covered under the schedule of related party transactions as per the standalone Financial Statements), is as set out below.

For the purpose of disclosure in the Draft Information Memorandum and the Information Memorandum, a company shall be considered material and will be disclosed as a 'Group Company' in the Draft Information Memorandum and the Information Memorandum if such company:

- (i) is a member of the Promoter Group (other than the corporate Promoter and Subsidiaries); and
- (ii) has entered into one or more transactions with the Company during the last completed financial year, which individually or cumulatively in value exceeds 10% of the total revenue of the Company for that financial year as per the standalone financial statements;

Information about Group Companies identified based on the above approach shall be disclosed in the Draft Information Memorandum and the Information Memorandum in accordance with SEBI ICDR Regulations.

Material Litigation

In terms of Schedule VI, Part A, Clause (12), sub-clause (A) para (1) of the ICDR Regulations, our Company is required to disclose in the Draft Information Memorandum and the Information Memorandum, (i) all criminal proceedings, (ii) all actions by statutory or regulatory authorities, (iii) all claims related to direct

taxes (in a consolidated manner); and (iv) Other pending litigations - As per the policy of materiality defined by the Board of Directors; in each case involving our Company, Directors, Subsidiaries and Promoters.

For the purpose of material litigation in (iv) above, the Company shall consider all outstanding litigation against the Company, Directors, Subsidiaries or Promoters involving an amount equal to or greater than Rs. 1051 lakh (being 1 % of the total income i.e. 105180.93 lakh) as per the standalone Financial Statements as on 31 March, 2018 as the appropriate threshold for determining material litigation. Further, litigations involving the Company, Directors, Subsidiaries or Promoters whose outcome could have a material impact on the business, operations, prospects or reputation of the Company; be considered as 'material litigation' for disclosure in the Draft Information Memorandum and the Information Memorandum.

Additionally, in terms of the ICDR Regulations, the Company is required to disclose:(a) any disciplinary action (including any penalty imposed) by the Securities and Exchange Board of India or the stock exchanges against the Promoters in the last five financial years; and (b) litigation involving the Group Companies, which may have a material impact on the Company, as applicable.

Further, pre-litigation notices received by the Company, the Subsidiaries, the Promoters, a Director or the Group Company (the "Relevant Parties") from third parties (excluding those notices issued by statutory/regulatory/tax authorities) shall, unless otherwise decided by the Board of Directors, not be considered material until such time that the Relevant Party is impleaded as defendant in litigation proceedings before any judicial forum.

Material Creditors

In terms of the ICDR Regulations, the Company shall make relevant disclosures in the Draft Information Memorandum and the Information Memorandum for outstanding dues to creditors:

- (i) based on the policy on materiality adopted by the Board of Directors and as disclosed in the Draft Information Memorandum and Information Memorandum, details of the Company's creditors, including the consolidated number of creditors and the aggregate amount involved;

- (ii) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved; and
- (iii) complete details about outstanding overdues to material creditors along with the name and amount involved for each such material creditor (as per (i) above) shall be disclosed on the webpage of the Company with a web link thereto in the Draft Information Memorandum and the Information Memorandum, if applicable.

For the purposes of identification of material creditors, in terms of point (i) above, a creditor of the Company, shall be considered to be material for the purpose of disclosure in the Draft Information Memorandum and Information Memorandum, if amounts due to such creditor exceeds 5% of the trade payables of the Company as per the consolidated Financial Statements for the most recent period.

D. APPROVAL

This policy has been approved by our Board in its meeting held on 14 November, 2018.

E. AMENDMENT:

The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall automatically stand amended to reflect any changes to the ICDR Regulations, to the extent the same is the subject matter of this Policy.