

**SPENCER'S RETAIL LIMITED**

(Formerly known as RP-SG Retail Limited)

**POLICY ON MATERIAL SUBSIDIARY**

**1. INTRODUCTION**

The following are the policy and procedures with regard to determination of Material Subsidiaries of Spencer's Retail Limited ('the Company'). The Audit Committee of the Company's Board of Directors may review and amend this policy from time to time.

This Policy is in terms of Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) with the Stock Exchanges.

**2. POLICY OBJECTIVE**

This policy is framed based on Listing Regulations entered into by the Company with the Stock Exchanges and primarily intended to ensure the governance and reporting of transactions between the Company and its Subsidiaries Companies.

**3. DEFINITIONS**

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of the Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

**"Board of Directors" or "Board"** means the collective body of the Board of Directors of the Company, as constituted from time to time.

**"Company"** means Spencer's Retail Limited, a company incorporated under the Companies Act, 2013 of India.

**“Independent Director”** means a director of the Company, who satisfies the criteria for independence stipulated under the Companies Act, 2013 and the Listing Agreement entered into with the Stock Exchanges.

**“Policy”** means the Policy on Material Subsidiary.

**“Material Non Listed Subsidiary”** shall mean a Material Non-Listed Subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

**“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

**“Subsidiary”** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

#### **4. POLICY**

- a) A subsidiary shall be considered a Material Subsidiary, if such subsidiary’s income or net worth exceeds 10% of its consolidated income or net worth of the Company and its subsidiaries as per the audited balance sheet of the previous financial year.
- b) At least one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material Non-Listed Subsidiary Company, if there is any such subsidiary.

For the purpose of this requirement, an unlisted material subsidiary company shall mean an unlisted subsidiary company, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- c) The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
- d) The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before the Board meetings of the Company on a quarterly basis.
- e) A statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary shall be brought to the attention of the Board on an annual basis.
- f) The Company, without the prior approval of the members by Special Resolution shall not:
  - i) dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary,
  - ii) sell, dispose or lease the assets of the material subsidiary company amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- g) The management shall present to the Audit Committee annually a list of all subsidiaries together with the details of Material Subsidiary, if any, as defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of at least one Independent Director on the Board of any Material Non-Listed Subsidiary.
- h) The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and annex with its Annual Report, a secretarial audit report, given by a company secretary in practice.

## **5. DISCLOSURE**

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

## **6. POLICY REVIEW**

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or any other Applicable Law or as may be otherwise prescribed by the Board from time to time.

## **7. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Applicable Law, the Applicable Law shall prevail over this Policy.

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