

POLICY STATEMENT ON MATERIALITY

AND

DEALING WITH RELATED PARTY TRANSACTIONS (Version 3.0 – w.e.f. May 15, 2025)

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Preamble

Spencer's Retail Limited ("SRL" or "Company") is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India ("SEBI"). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Accordingly, the Board of Directors of SRL (referred to hereinafter as "the Board") had framed this policy relating to Related Party Transactions as defined herein pursuant to Section 177, 188 and other applicable provisions of **Companies Act, 2013** ('the Act') read with the Companies (Meeting of Board and its Powers) Rules, 2014 ('Rules') and Regulation 23 and other applicable Regulations of **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** ('Listing Regulations' or 'LODR').

Part A and Part B of Section III-B of SEBI Master Circular dated November 11, 2024 ("Master Circular") specify the information to be placed before the audit committee and shareholders, respectively, for consideration of RPTs. In order to facilitate uniform approach and assist listed entities in complying with the above mentioned requirements, the Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, formulated industry standards, in consultation with SEBI, for minimum information to be provided for review of the audit committee and shareholders for approval of RPTs.

In view of the recent SEBI Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025 read with SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/37 dated March 21, 2025, ("the Circulars") requiring listed entities to follow the Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction" ("Industry Standards") with effect from July 1, 2025, an amendment to the policy has been adopted by the Board of Directors of the Company based on the recommendations of the Audit Committee of the Company ("the Audit Committee") and shall be effective from July 1, 2025.

Objectives of the Policy:

The objective of this Policy is to set out:

- a) the basis of identifying related parties of the Company as well as related party transactions.
- b) the materiality thresholds for related party transactions and
- c) the manner of entering into transactions between the Company and its related parties based on the Companies Act, 2013 read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.
- d) to ensure proper approval, reporting, disclosures and/or permissions are made/ sought as required under Applicable Laws and as per the policy of the Company.

Disclaimer:

1. *In the event that any provision or part of this Policy is, at any time, found to be in conflict with any applicable law, regulation, or legal requirement then in force, such provision or part shall be deemed inoperative and shall be eclipsed to the extent of such conflict, without affecting the validity, enforceability, or operation of the remaining provisions of this Policy. In such circumstances, the prevailing law shall supersede the conflicting provision to the extent of the inconsistency.*
2. *This policy belongs to Spencer's Retail Limited and no part of this document shall be re-produced or distributed without prior consent of Spencer's Retail Limited.*

1. Definitions:

Act	means the Companies Act, 2013.
Audit Committee	means Audit Committee of Board of Directors of the Company constituted under provisions of LODR and the Act.
Arm's Length Transaction	means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
Board	means Board of Directors of the Company.
Industry Standards	means the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated February 14, 2025.
Key Managerial Personnel	"Key Managerial Personnel" or "KMP" shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.
LODR/Listing Regulations	means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.
Related Party	<p>Related Party shall have the same meaning as defined under Section 2(76) of the Act or under the applicable accounting standards read with Regulation 2(1) (zb) of the SEBI Listing Regulations and other applicable provisions, if any.</p> <p>Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term "Related Party".</p>
Related Party Transaction	<p>"Related Party Transaction" have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:</p> <ol style="list-style-type: none"> the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand; the Company 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 Company or any of its subsidiaries with effect from April 1, 2023 <p>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, including but not limited to the following –</p> <ol style="list-style-type: none"> sale, purchase or supply of any goods or materials; selling or otherwise disposing of, or buying, property of any kind; leasing of property of any kind; availing or rendering of any services; appointment of any agent for purchase or sale of goods, materials, services or property; appointment to any office or place of profit in the Company, its subsidiary or associate company underwriting the subscription of any securities or derivatives thereof, of the

	<p>Company.</p> <p>Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:</p> <ol style="list-style-type: none"> the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities. retail purchases from the Company or any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees and directors. <p>Further, remuneration and sitting fees paid by SRL or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.</p>
<p>Material Related Party Transactions</p>	<ul style="list-style-type: none"> ➤ a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore 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. ➤ 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. <p>The above financial thresholds are subject to any amendments made in the Listing Regulations from time to time, in which case the above thresholds shall deem to refer to such amended threshold(s).</p>
<p>Material Modifications</p>	<p>means, any modification(s), alteration(s) and/or change(s) to the terms and conditions governing a Material Related Party Transaction having any of the following implications:</p> <ol style="list-style-type: none"> 10% of the financial consideration; or having financial implication of more that Rs.100 Crores shall be considered as material modification.
<p>Ordinary Course of Business</p>	<p>means a transaction which/wherein:</p> <ul style="list-style-type: none"> ➤ 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 ➤ is as per historical practice with a pattern of frequency, or ➤ is in connection with the normal business carried on by the Company, or

	<ul style="list-style-type: none">➤ 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, or➤ is common commercial practice, or➤ meets any other parameters/criteria as decided by the Board/Audit Committee.
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***Any other term not defined herein shall have the same meaning as defined in the Companies Act, the LODR or any other applicable law or regulations.*

2. Policy:

All Related Party Transactions must be identified and reported to the Audit Committee and also to Board of Directors and shareholders, wherever necessary, for their approval. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the LODR.

3. Applicability:

This Policy shall be applicable to all Related Party Transactions (as defined above) entered by the Company. All Related Party Transactions are to be done strictly as per the procedures, processes and methodologies prescribed in this policy and this policy shall invariably be applicable to the Company and all transactions with its related parties.

However, the provisions given under LODR / SEBI circulars, as mentioned in this policy shall be applicable only to the Company.

4. Identification of Related Parties:

Each Director and Key Managerial Personnel shall, at the beginning of a financial year, disclose to the Company Secretary of the Company particulars of their Related Parties and disclose any changes thereto during the financial year as immediately as practicable. Based on above and where applicable, based on other information, the management shall prepare and present before the Audit Committee a list of Related Parties.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a) Material Related Party Transactions
- b) Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
- c) Residual Related Party Transactions.

Notice of any potential related party transaction shall be given well in advance so that Audit Committee has adequate time to obtain and review information about the proposed transaction.

5. Procedure to be adopted for Related Party Transactions:

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction (“RPT”) exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the related parties (“RPs”) of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP’s can cast only negative vote to reject the resolution seeking approval of material RPT(s)).

a) Approval of Audit Committee

All Related Party Transaction and subsequent material modifications thereon shall require prior approval of the Audit Committee.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions. The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

Prior approval of the Audit Committee shall be required for:

1. All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
2. RPTs where subsidiary is a party but the Company is not a party and the transaction amount exceeds the threshold of 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Prior approval of the Audit Committee shall not be required for:

- i. Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

- iv. 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.
- v. remuneration and sitting fees paid by SRL or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.
- vi. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

all continuing Related Party Transactions which have been approved by the Audit Committee, Board and the Shareholders, shall not be placed for approval again, unless there is any Material Modification.

b) Omnibus Approval

The Audit Committee may grant omnibus approval for all Related Party Transactions subject to compliances with the conditions prescribed in paras 1 to 9 below.

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:
 - a) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - b) The maximum value per transaction which can be allowed;
 - c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - d) review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
 - e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - i. repetitiveness of the transactions (in past or in future);
 - ii. justification for the need of omnibus approval.
3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
4. The omnibus approval shall provide details of (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as

per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions 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 crore per transaction.

5. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company pursuant to the omnibus approval given;
6. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.
7. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
8. Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.
9. Any other conditions as the Audit Committee may deem fit.

Transaction of the following nature shall not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business;
2. Transactions which are not repetitive in nature;
3. Transactions exceeding materiality thresholds as laid down in the Policy
4. Transactions in respect of selling or disposing of the undertaking of the company
5. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
6. Any other transaction as the Audit Committee may deem not fit for omnibus approval

c) Approval of Board of Directors

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, shall be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value

- threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
 - c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
 - d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

d) Approval of Shareholders

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, shall be placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- iii. Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- iv. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
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.

Arm's length price comparable shall be established for every transaction by any one of the following methods:

- i. Comparison with similar transactions with third parties
- ii. Having three (3) quotations
- iii. Establishing comparable prices/terms using reputed databases or indices.
- iv. Transfer pricing analysis determined by a third-party agency
- v. Any price determined by any Regulator
- vi. Third party valuation report to be obtained to establish the Arm's Length Price.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
- ii. the indicative base price / current contracted price and the formula for variation in the price, if any;
- iii. Minimum Information to be placed before the Audit Committee as required under the Industry Standards such other information/documents/confirmations as the Audit Committee may deem fit from time to time.

6. Materiality of Transaction

In relation to all Material Related Party Transactions and/or any material modifications thereto, following procedure shall be followed:

- The Audit Committee shall be responsible to verify materiality threshold of the Company in the meeting where annual consolidated financial statements of the Company are adopted. Such threshold would be relevant for identifying material transactions or any material modification entered / proposed to be entered with a related party in next year.
- The Audit Committee shall verify the potential Related Party Transactions that may exceed the materiality threshold for a particular financial year on a progressive basis.
- The Audit Committee/Board shall review the Material Related Party Transactions or any material modification as per the procedure laid down in the Policy
- The Board shall place the Material Related Party Transactions before the shareholders for their approval.

7. Ratification of Related Party Transactions not approved under this policy

In the event the company becomes unaware of a Transaction with a Related Party that has not been approved under this Policy the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related

Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- a. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- b. the transaction is not material in terms of the provisions of regulation 23(1) of SEBI (LODR);
- c. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- d. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of regulation 23(9) of SEBI (LODR);
- e. any other condition as specified by the audit committee:

Failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

8. Disclosures

- i. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- ii. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
- iii. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- iv. The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.
- v. Annual affirmations shall be provided at the end of the financial year in the format prescribed under SEBI (LODR).

- vi. The Company Secretary shall also arrange to make necessary entries in the Register of Contracts required to be maintained under the Act.
- vii. The Company shall make such other disclosures as may be prescribed under applicable laws and regulations.

9. Scope Limitation

In the event of any conflict between this Policy and the LODR / Act or any statutory enactments, rules, the provisions of such LODR / Act or statutory enactments, rules, shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

10. Policy Review and Amendments

The policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to SEBI (LODR) or as may be otherwise prescribed by the Audit Committee / Board from time to time.

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

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