

POLICY STATEMENT ON MATERIALITY

AND

DEALING WITH RELATED PARTY TRANSACTIONS

No part of this document should be re-produced or distributed without the prior permission of Spencer's Retail Limited.

SPENCER'S RETAIL LIMITED

Registered Office:

Duncan House, 31, Netaji Subhas Road, Kolkata - 700001

Tel: +91 33 2487 1091

E-mail: spencers.secretarial@rpsg.in;

Website: <http://www.spencersretail.com>

CIN: L74999WB2017PLC219355

Table of contents	Page No.
Preamble, Objective of the Policy	03
Definition	04
Applicability	06
Procedure	06
Review and approval of Related Party Transaction	07
Approval Process Chart	10
Materiality of Transaction	10
Pre-Approved Transactions	11
Related Party Transactions not previously approved under the Policy	11
Disclosure	11
Scope Limitation	12
Review and Amendments	12
Annexure-I- Related Party Format	13

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').

In view of a recent notification issued by the Securities Exchange Board of India, the amendment to this 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 April 1, 2022.

The Board has determined that the Audit Committee is best suited to review all Related Party Transactions.

Objectives of the Policy

The objective of this Policy is to set out;

- (a) the materiality thresholds for related party transactions and;
- (b) the manner of dealing with transactions between the Company and its related parties based on the Act, Regulation 23 of the LODR and any other laws and regulations as may be applicable to the Company.

Definitions

Act	The Companies Act, 2013
Audit Committee	Audit Committee of Board of Directors of the Company constituted under provisions of LODR and the Act
Arm's Length Transaction	a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest
Board	Board of Directors of the Company.
Key Managerial Personnel	<ol style="list-style-type: none">i. Chief Executive officer and/or the Managing Directorii. Whole time Directoriii. Company Secretary andiv. Chief Financial Officer or such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.
LODR/Listing Regulations	SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.
Material Related Party Transaction Under LODR	<p>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 Rs. 1000 crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.</p> <p>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.</p> <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>
Material Modification	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:

- (a) 10% of the financial consideration; or
- (b) having financial implication of more than Rs.100 Crores shall be considered as material modification.

A related party transaction shall be considered significant if it exceeds the following limits:

Significant Related Party Transaction

- Sale, purchase or supply of any goods or materials > 10% of Annual Turnover*
- Selling or otherwise disposing of, or buying, property of any kind > 10% of Net Worth*
- Leasing of property of any kind > 10% of Turnover or Net Worth
- Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company monthly remuneration > Rs. 2.5 Lakh
- Availing or rendering of any services > 10% of Net Worth
- Underwriting the subscription of any securities or derivatives thereof, of the company >1% of Net Worth

* Turnover or Net worth criteria shall be on the basis of the audited standalone financial statements of the preceding financial year.

Ordinary Course of Business

means a transaction which/wherein:

- 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
- 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.

Related Party

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.

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”.

What is Related Party Transaction

“**Related Party Transaction**” shall mean any transaction where a counterparty is a related party and shall include the related party transactions listed under Section 188 (1) of the Act, Regulation 2(1) (zc) of the SEBI Listing Regulations, applicable accounting standards and other applicable provisions, if any.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the LODR or any other applicable law or regulation.

Secretarial Department will prepare the list of Related Parties and in consultation with Finance & Accounts team shall provide the list of the Related Parties together with transaction value on quarterly basis to the Audit Committee/Board, as the case may be.

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.

Procedure

a) 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. This list will be updated on an ongoing basis to reflect changes, if any.

Further, the Secretarial Department shall on an ongoing basis review the definition of related party under the Act as well as under LODR and confirm the list of related parties to the Audit Committee on a monthly basis.

The Company prefers to receive such notice of any potential related party transaction well in advance so that Audit Committee has adequate time to obtain and review information about the proposed transaction.

- b) Generally related party transactions will be done only at Arm's length in terms of prices/terms and conditions and in the ordinary course of business. In case where a transaction is done without monetary consideration, then the arm's length price shall be the deemed consideration for such transaction, be the price, if the transaction should have been transacted at a price, had it not been done without monetary consideration.
- c) Arm's length price comparable to 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 data bases 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.
- d) For every related party transaction or modification(s) thereof, necessary approvals shall be obtained from the Audit Committee/Board/Shareholders, as the case may be.

Review and approval of Related Party Transaction

A. Audit Committee

All related party transactions and subsequent material modifications shall require prior approval of the audit committee before entering into such transaction in compliance with the provisions of the Act and the Listing Regulations, as amended from time to time. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

A Related Party Transaction which is

- (i) not in the ordinary course of business, and / or
- (ii) not at arm's length price,

would require approval of the Board or of shareholders as discussed subsequently.

Omnibus Approval

- ❖ The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to the following conditions:
 - i. The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - ii. The indicative base price / current contracted price and the formula for variation in the price, if any; and
 - iii. Such other conditions as may be required to be fulfilled in terms of any amendment(s), notification(s) or directions(s) under the Act/Listing Regulations or by the Audit Committee.
- ❖ The Audit Committee may also for smooth conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.
- ❖ Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

Budgetary approval(s) will be obtained for proposed related transactions from the Audit Committee/Board/Shareholders, as the case may be, showing the name of related parties, nature of transactions, maximum amount of transaction in a year, indicative base price /current contracted price and the formula for variation in the price, if any and amount for full year as per Annual Business plan for the year, and where the transaction exceeds the budgetary approval, supplementary approval shall be taken from the respective authority(s) before entering into the transaction. (Format for approval given in **Annexure-I**)

Quarterly statement showing details of transactions as above will be submitted to Audit committee.

B. Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being

- (i) not in the ordinary course of business, and / or
- (ii) not at an arm's length price,

the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction apart from any other information/document that the Board may have to consider as per requirement of the Act/ Listing Regulations, as amended from time to time. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

C. Shareholders

If a Related Party Transaction is;

- (i) a Material Related Party transaction as per Regulation 23 of the Listing Regulations,

or

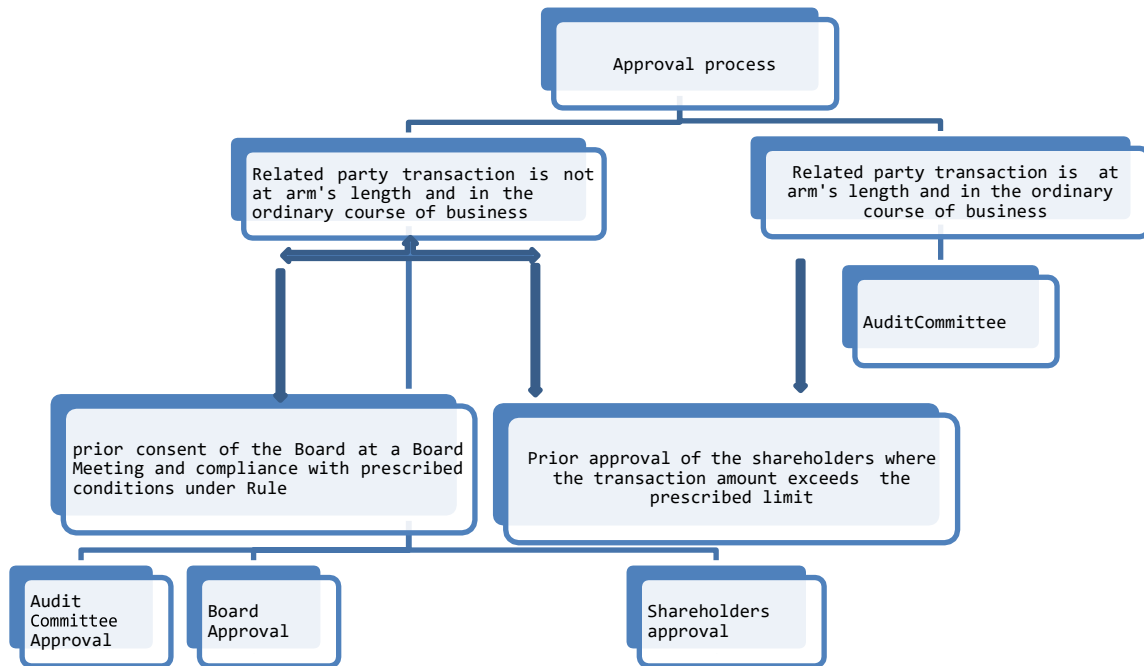
- (ii) not in the ordinary course of business, or not at arm's length price and exceeds thresholds as defined in this policy as Significant Related Party transaction in terms of Section 188(1) read with Rules.

it requires approval of the shareholders of the Company.

However, prior approval of the shareholders shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

The requirement of shareholders' approval shall also not be applicable for transactions in respect of which such relaxations/exemptions are provided in the Act and/or the Listing Regulations.

Approval process Chart



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.

Pre-approved Transactions

The following types of transactions will be deemed to be pre-approved by the Committee; will not be reviewed by the Audit Committee and do not require approval or ratification:

- a. Director's Appointment and Compensation: Any employment by the Company of, or compensation paid to the Directors or to the Key Managerial Personnel;
- b. Continuing Related Party Transactions: All continuing Related Party Transactions which have been approved by the Audit Committee, Board and Shareholders, shall not be placed for approval again, unless there is any Material Modification. However, as aforesaid, any omnibus approval granted by Audit Committee for repetitive Related Party Transactions shall be valid for one financial year and shall require fresh approval after the expiry of that year.

Related Party Transactions not previously approved under the Policy

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 Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this Policy for review and ratification.

In case the Audit Committee does not deem fit to ratify a Related Party Transaction that has commenced without approval as stated above, the Audit Committee, may direct additional actions including, but not limited to, immediate discontinuation of the transaction or such other matter as it may deem appropriate. The Audit Committee also has the authority to modify or waive any procedural requirement of the Related Party Transaction to suit the provision of this policy.

The Audit Committee or the Board of Directors or the Shareholders, as the case may be, shall consider all relevant facts and circumstances of 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 actions as the Audit Committee deems appropriate under the circumstances.

Disclosures

All related party transactions are to be disclosed in the Company's standalone and consolidated financial statements in accordance with applicable accounting standards.

Details of approvals obtained on Related Party Transactions shall be disclosed to the stock exchanges on quarterly basis in specified format along with the compliance report on corporate governance.

Related Party Transactions are to be disclosed to the Stock Exchanges on a consolidated

basis, within such period from the date of publication of standalone and consolidated financial results of the Company for every half-year, as may be stipulated in the Listing Regulations from time to time.

The Company shall disclose the Policy on dealing with Related party Transactions on its website and a web-link shall be provided in the Annual Report.

The Company shall disclose, in the Board's report, transactions, if any, prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

The Company Secretary shall also arrange to make necessary entries in the Register of Contracts required to be maintained under the Act.

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.

Review and amendments

The Board on recommendation of the Audit Committee shall review the Policy once in three years and may amend the same from time to time.

XXX

Footnote

This policy was approved by the Board of Directors on February 09, 2022 in suppression of the earlier Policy.

For Spencer's Retail Limited



Rama Kant
Company Secretary & Compliance Officer
(FCS 4818)

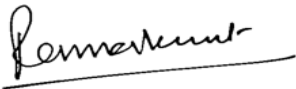
Annexure I

Related Party Transaction format

Format for taking budgetary approval for related party transactions from Audit Committee

Sl. No	Name of the Party and relationship	Nature of Transaction	Tenure	Previous Year (Annual) (Rs.in Cr.)	Proposed Value (Annual) (Rs.in Cr.)	Remarks (Indicative base price/current contract price/formula for variation in price)

For Spencer's Retail Limited



Rama Kant
Company Secretary & Compliance Officer
(FCS 4818)