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**FUTURE LIFESTYLE FASHIONS LIMITED**  
**CIN: L52100MH2012PLC231654**

**Policy for Dealing with  
Related Party Transactions**

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## **PREAMBLE**

The Board of Directors (the “**Board**”) of Future Retail Limited (the “**Company**”), had adopted this policy (the “**Policy**”) upon the recommendation of its Audit Committee on 1st October 2014 and it was further reviewed and amended by the Audit Committee and the Board from time to time.

## **OBJECTIVE**

The objective of this Policy and procedure is to ensure that transaction(s) between Company and its related parties are based on principles of transparency and arm’s length dealings. Likewise, this Policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transaction(s) involving such related parties.

This Policy is framed / amended considering the requirements of setting out (a) the materiality thresholds for related party transaction(s); and (b) the manner of dealing with the transaction(s) between the Company and its related parties based on the Companies Act, 2013 (the “**Act**”) read with the Rules framed there under, applicable Accounting Standards prescribed under the Act (“**Accounting Standards**”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“**SEBI Listing Regulations**”) and any other laws and regulations as may be applicable to the Company, for the time being in force.

## **1. DEFINITIONS**

- i. “**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.
- ii. “**Audit Committee**” shall mean the Audit Committee of the Board constituted from time to time in accordance with the applicable provisions of the Act and SEBI Listing Regulations.
- iii. “**Company**” means Future Lifestyle fashions Limited.
- iv. “**Key Managerial Personnel**” or “**KMPs**” means Key Managerial Personnel as defined under the Act and or the SEBI Listing Regulations and includes:
  - Managing Director, or Chief Executive Officer or Manager;
  - Whole Time Director;
  - Chief Financial Officer.
  - Company Secretary
- v. “**Material Related Party Transaction**” means a transaction with a Related Party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees One Thousand Crore or ten per cent (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 transaction(s) during a financial year, exceed 5% (Five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- vi. **“Subsequent Material Modification”** with respect to a particular transaction shall be determined by the Audit Committee of the Company from time to time.
- vii. **“Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:
- carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
  - historical practice with a pattern of frequency;
  - common commercial practice; or
  - meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.
- viii. **“Policy”** means this policy, as amended from time to time
- ix. **“Related Party”** shall have the meaning as defined in Section 2(76) of the Act or applicable Accounting Standards and Regulation 2(1) (zb) of the SEBI Listing Regulations.
- [Provided that any person or entity belonging to the promoter or promoter group of the listed entity or any person or entity holding [twenty percent]<sup>1</sup> or more of shareholding in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year shall be deemed to be a related party.]<sup>23</sup>
- x. **“Related Party Transaction”** a transfer of resources, services or obligations between:
- a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
  - listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023; 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:

Provided that the following shall not be a related party transaction:

- 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;
- the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - payment of dividend;
  - subdivision or consolidation of securities;

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<sup>1</sup> Shall be replaced with ten per cent or more with effect from 1<sup>st</sup> April 2023.

<sup>3</sup> Shall be effective from 1<sup>st</sup> April 2022.

- issuance of securities by way of a rights issue or a bonus issue
- buy-back of securities
- acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

and includes transactions under the relevant provisions of the Companies Act or the SEBI listing Regulations or any other related law, regulation, standard.

- xi. **“Relative”** shall have the meaning as defined under sub-section (77) of section 2 of the Act and rules prescribed there under and Regulation 2 (1) (zd) of SEBI Listing Regulations.
- xii. **“Specified Limit”** as specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, for the purpose of first proviso to sub-section (1) of section 188 of the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, SEBI Listing Regulations or any other applicable law or regulation.

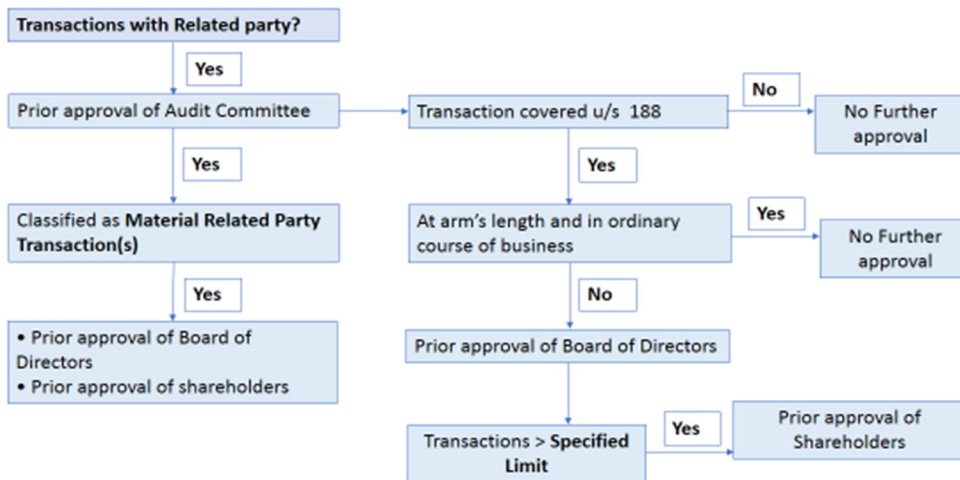
## **2. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS**

- a) Each Director and KMPs is responsible for providing notice to the Company Secretary of his/her relatives and their respective interest in other entities which could result in such relative/entity becoming a Related Party. Any change in such information shall also be forthwith provided by such Director and KMPs.
- b) Company Secretary shall, based on information received from each Director and KMPs, identify and prepare a list of Related Party(ies) for a given period under the provisions of the Act and applicable Accounting Standard.
- c) Head-Accounts shall make necessary flagging of such Related Party(ies) in the accounting system to ensure availability of required approvals for Related Party Transaction.
- d) Each Director, KMPs and Head-Accounts shall be responsible for providing notice to the Company Secretary of any proposed Related Party Transaction, including any additional information about the transaction which are required to be placed before the Audit Committee and/or the Board.
- e) The Company strongly prefers to receive such notice of any proposed Related Party Transaction well in advance so that the Company Secretary has adequate time to review information about the proposed transaction and to seek necessary approval of the Audit Committee and/or the Board and/or shareholders of the Company, as the case may be.
- f) In addition, the Company Secretary may require periodical update of the information from

Directors and KMPs for identification of Related Party.

- g) The Company Secretary shall maintain records of all Related Party(ies) based on the notice / declaration received from Directors/KMPs including Group entities and share the same with Head-Accounts and Chief Financial Officer on a quarterly basis to monitor the transactions with them.
- h) Any proposed Related Party Transactions that are brought to the attention of Head Accounts or Chief Financial Officer shall be analysed, in consultation with Management of the Company and/or with an external consultant, as appropriate. The Board shall record the disclosure of interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

**3. REVIEW AND APPROVAL FRAMEWORK OF RELATED PARTY TRANSACTIONS**



**4. APPROVAL OF RELATED PARTY TRANSACTIONS**

**I. AUDIT COMMITTEE**

- a) Related party transactions along with subsequent material modifications will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction by not being present at the meeting.

- b) All the transactions which are identified as Related Party Transactions along with material modifications should be pre-approved by the Audit Committee before entering into such transaction.

Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

- c) A related party transaction to which the subsidiary of the Company is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.<sup>4</sup>
- d) A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.<sup>5</sup>

prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party

- e) The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- i. The Audit Committee shall after approval of the Board of Directors- lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. Such omnibus approval shall specify (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 the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction 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.

- iv. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

<sup>4</sup> Shall be effective from 1<sup>st</sup> April 2022.

<sup>5</sup> Shall be effective from 1<sup>st</sup> April 2023.

f) The provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

g) Information to be reviewed by the Audit Committee for approval of RPTs:

The Company shall provide the following information, for the review of Audit Committee for the approval of a proposed RPT:

- i. Type, material terms and particulars of the proposed transaction;
  - ii. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
  - iii. Tenure of the proposed transaction (particular tenure shall be specified);
  - iv. Value of the proposed transaction;
  - v. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
  - vi. Any advance paid or received for the contract or arrangement
  - vii. The Manner of determining the pricing and other commercial terms, both included as part of the contract and considered as part of the contract
  - viii. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors.
  - ix. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- h) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
- i. details of the source of funds in connection with the proposed transaction;
  - ii. where any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments,
  - iii. nature of indebtedness;
  - iv. cost of funds; and
  - v. tenure;
  - vi. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - vii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
  - viii. Justification as to why the RPT is in the interest of the listed entity;
  - ix. A copy of the valuation or other external party report, if any such report has been relied upon;
  - x. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
  - xi. Any other information that may be relevant

#### **A. BOARD OF DIRECTORS**

In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.

Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the

resolution relating to such contract or arrangement.

## **B. SHAREHOLDER APPROVAL**

All material related party transactions shall be carried out as per provisions of the Act.

If a related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

All material related party shall require prior approval of the shareholders through resolution and no related party shall vote such resolutions whether the entity is a related party to the particular transaction or not.

However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- i. A summary of the information provided by the management of the listed entity to the Audit Committee as specified in point 4.I.(g) above;
- ii. Justification for why the proposed transaction is in the interest of the listed entity;
- iii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4.I.(h) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- iv. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- v. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- vi. Any other information that may be relevant.

## **5. DISCLOSURE**

This Policy will be uploaded on the website of the Company.

The Company will disclose the details of all Material Related Party Transaction(s) on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under the SEBI Listing Regulations.

Significant Related Party Transaction(s) are to be disclosed in Board's Report along with justification for entering into such Related Party Transaction(s).

## **6. POLICY REVIEW**

Subject to the applicable laws, the Audit Committee / Board may amend this Policy from time to



time. In the event of any conflict between the provisions of this Policy and the applicable laws, the later shall prevail.

The Audit Committee / Board shall have authority to modify or waive any procedural requirements of this Policy.

In the event of any conflict between the provisions of this Policy and provisions of the SEBI Listing Regulations or the Act and Rules framed thereunder or any other applicable laws for the time being in force, the later shall prevail over the Policy.

This Policy shall be reviewed by the Audit Committee periodically. Any revision or modification to the Policy, if any, shall be considered and approved by the Board based on the recommendations of the Audit Committee. The Board shall review the Policy at least once in every three years and if required, update it accordingly.

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