

FUTURE RETAIL LIMITED

CIN: L51909MH2007PLC268269

Policy for Dealing with Related Party Transactions

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 2nd May, 2016 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

- a) “**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.
- b) “**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.
- c) “**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 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- d) “**Key Managerial Personnel(s)**” or “**KMPs**” shall have the meaning as defined under the Act or referred under the SEBI Listing Regulations.
- e) “**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.
- f) “**Related Party Transaction**” a transfer of resources, services or obligations between the Company and a related party, 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.

- g) **“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.
- h) **“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 OF RELATED PARTY TRANSACTIONS

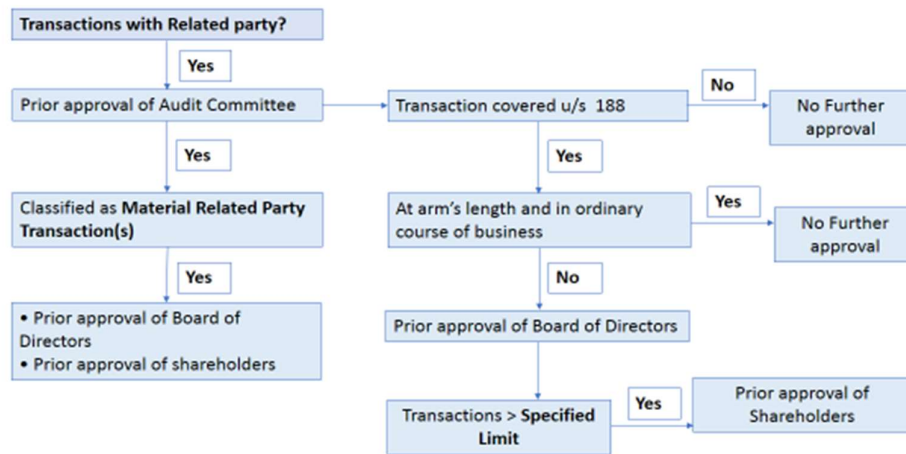
Every Related Party Transaction shall be subject to the prior approval of the Audit Committee.

The Material Related Party Transaction requiring approval of the Board and/or shareholders of the Company shall be as per framework given below.

Any member of the Audit Committee or Board who is interested in any Related Party Transaction shall abstain from discussion and voting on the approval of such Related Party Transaction.

All Material Related Party Transactions shall require approval of the shareholders through resolution and no Related Party shall vote to approve on such resolution whether the entity is a Related Party to the particular transaction or not.

The framework for approval is given below:



4. GENERAL CRITERIA FOR APPROVAL OF RELATED PARTY TRANSACTIONS

The approving authority shall be provided with all the relevant information of the Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other relevant matters including information required under applicable rules of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

5. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH

The Audit Committee or the Board shall, after considering the information placed before the Audit Committee or Board (wherever required), judge whether the related party transaction referred to it, is in the ordinary course of business and at arm's length basis.

If required, the Audit Committee or Board may seek advice of external consultants whether particular transaction is in the ordinary course of business and arms' length basis or otherwise.

6. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS

The Audit Committee may grant omnibus approval for Related Party Transaction(s) proposed to be entered into by the Company subject to the following conditions, namely:

- (a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- (c) the omnibus approval shall specify the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, the indicative base price / current contracted price and the formula for variation in the price if any; and 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. 1.00 Crore (Rupees One Crore) per transaction.

- (d) the 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 approvals given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

7. RELATED PARTY TRANSACTIONS NOT APPROVED PRIOR TO ITS CONSUMMATION

In the event the Company becomes aware of a proposed Related Party Transactions, prior to its consummation, it would obtain prior approval from the Audit Committee/ Board/ shareholders, wherever applicable.

In case prior approval from the Audit Committee/Board is not obtained for any Related Party Transaction(s), such transaction may be brought subsequently to the Audit Committee after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy.

The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction(s) brought to its notice and shall evaluate all options available to the Company including ratification, revision or termination of such Related Party Transaction(s). In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been entered without prior approval, the Audit Committee may direct additional actions including but not limited to, immediate discontinuation or rescission of transaction.

In case, where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by shareholders by way of a resolution in the general meeting, wherever applicable and if it is not ratified by the Board or, as the case may be, by the shareholders within 3 (three) months from the date on which such contract or arrangement was entered into, such contract or

arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

8. 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).

9. 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.
