

# Future Enterprises Limited

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## Policy for Dealing with Related Party Transactions

## **OBEJECTIVE**

The Board of Directors (the “Board”) of Future Enterprises Limited (formerly known as Future Retail Limited) (the “Company” or “FEL”), acting upon the recommendation of its Audit Committee, has adopted this policy (the “Policy”) and procedures with regard to Related Party Transactions (“RPT”). The Audit Committee shall review and may amend this Policy from time to time. This Policy is framed as per requirement of Clause 49 of the Listing Agreement (“LA”).

The objective of this Policy and procedure is to ensure that transactions between FRL 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 transactions involving such related parties.

### **1. DEFINITIONS**

- a) **“Audit Committee”** means audit committee of Board of Directors of FRL constituted under provisions of listing agreement with the stock exchanges.
- b) **“Related Party”** shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or *such entity is a related party under the applicable accounting standards* or as provided in Clause 49 (VII) of the Listing Agreement with the Stock Exchanges as may be amended from time to time
- c) **“Related Party Transaction”** shall mean all transactions between the Company and a Related Party as per Clause 49 (VII) of the listing agreement with the stock exchanges as may be amended from time to time.
- d) **“Material transaction”** shall have the same meaning as defined under the listing agreement with the stock exchanges.
- e) **“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.
- f) **“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if-
  - i. They are members of a Hindu Undivided Family;
  - ii. They are husband and wife;
  - iii. Father (including step-father);
  - iv. Mother (including step-mother);
  - v. Son (including step-son);
  - vi. Son’s wife;
  - vii. Daughter;
  - viii. Daughter’s husband;
  - ix. Brother (including step-brother); or
  - x. Sister (including step-sister).

The terms Director, Whole-time Director, Managing Director, Chief Financial Officer, Company Secretary, Key Managerial Personnel (“KMP”) shall have the same meaning as assigned to it under the Companies Act, 2013.

### **2. POLICY**

All Related Party Transactions must be referred to the Audit Committee for approval in accordance with this Policy.

### **3. Identification of Related Party and Related Party Transactions:**

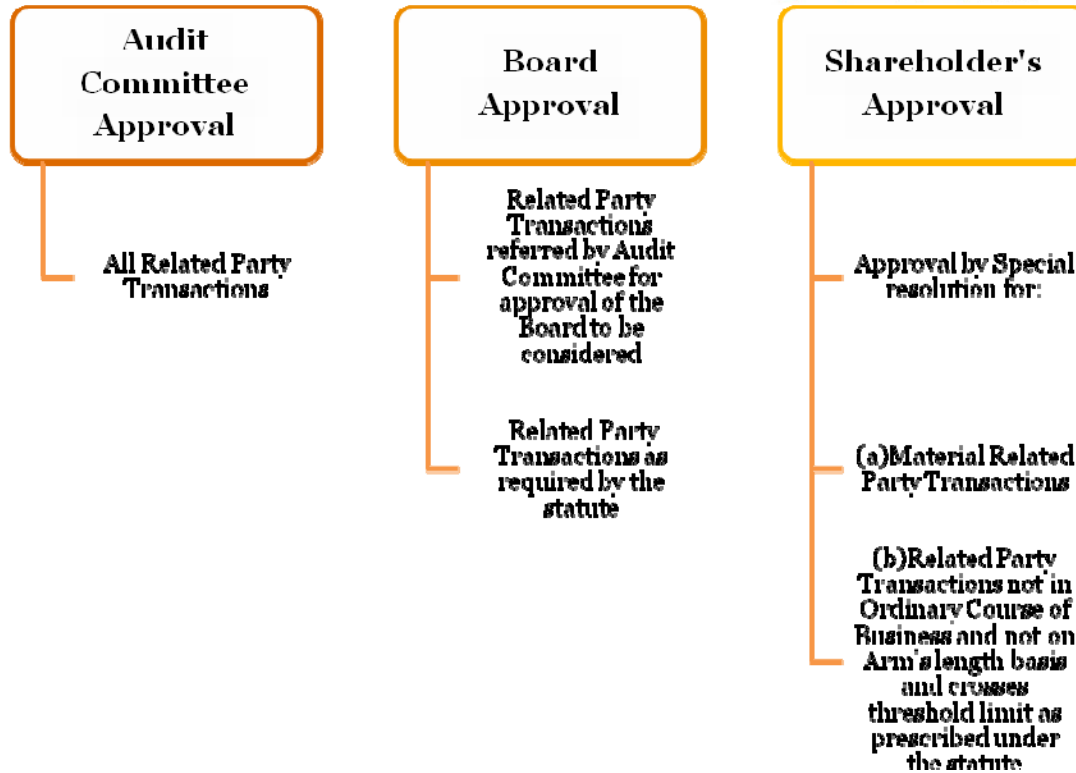
- a) Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of his/her relatives and their respective interest in other entities which could result in such relative/entity becoming a Related Party. Any change in such information shall also be forthwith provided by such Director and Key Managerial Person.
- b) Company Secretary shall, based on information received from each Director and Key Managerial Person, identify and prepare a list of Related Parties for a given period under the provisions of Companies Act, 2013 and Accounting Standard 18 of the Income Tax Act.
- c) Head-Accounts, in co-ordination with IT Team, shall make necessary flagging of such Related Parties in the accounting system to ensure availability of required approvals for Related Party Transaction
- d) Each Director, Key Managerial Person and Head-Accounts shall be responsible for providing notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.
- e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Company Secretary has adequate time to review information about the proposed transaction and need for obtaining approval of Audit Committee, Board 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 Parties.
- g) The Company Secretary shall also periodically review the structure with Chief Financial Officer to identify any new related party.
- h) The Company Secretary shall maintain database of all Related Parties 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.
- i) Any potential Related Party Transactions that are brought to the attention of Head Accounts or Chief Financial Officer shall be referred for analysis by the Secretarial Department, in consultation with management and 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.

### **4. Review and Approval of Related Party Transactions**

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by way of circulation.

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

The approval policy framework is given below:



#### 4.1. 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 to the Related Party, and any other relevant matters including information required under Rule 15 (1) of the Companies (Meetings of Board and its Powers) Rules, 2014 as may be amended from time to time.

In determining whether to approve a Related Party Transaction, the Audit Committee / Board shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from the Company's business point of view, for the transaction to be entered into with a Related Party.

#### 5. Material Related Party Transactions

As defined under LA, 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 ten percent of the annual consolidated turnover of FEL as per the last audited consolidated financial statements of FEL.

The Audit Committee/ Board may decide to seek advice from an external law firm / advisor to obtain opinion on related party transaction

#### 6. Decision regarding transaction in ordinary course of business and at arm's length

The Audit Committee or the Board shall, in respect of the related party transactions referred to it for approval, shall after considering the materials placed before them; judge if the transaction is in the ordinary course of business and at arm's length basis.

**7. Omnibus approval by audit committee for Related Party Transactions proposed to be entered**

The Audit Committee is authorised to grant omnibus approval for recurring transactions with related parties. The Audit Committee would review on a quarterly basis the aforesaid Related Party Transactions entered into by the company pursuant to each of the omnibus approval given. Fresh approval would be obtained on a financial year basis.

**8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the FEL becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, FEL would obtain prior approval from the Audit Committee.

In case FEL is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical 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 of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to FEL including ratification, revision or termination of the Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

**9. Disclosure of the Policy**

This Policy will be uploaded on the website of FEL at <http://www.felindia.in/>

The Company will also disclose the details of all material Related Party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under clause 49 of the Listing agreement.

**10. POLICY REVIEW**

This Policy is framed based on the provisions of the Clause 49 of the Listing Agreement with the stock exchanges as on October 1, 2014. In case of any subsequent changes in the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

**This Policy is dated November 14, 2014 and will be effective for all Related Party Transactions with effect from October 1, 2014.**