



Policy for Dealing with Related Party Transactions

Future Consumer Limited

Revised Policy with effect from 1st April,2022



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1. Title

This policy shall be called the 'Policy for Dealing with Related Party Transactions' ("**Policy**").

2. Objective

- 2.1 Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder ("**Companies Act**") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**") require the companies to have enhanced transparency and due process for approval of the related party transactions. In terms of provisions of Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations, companies are required to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors.
- 2.2 Accordingly, the Board of Directors ("**Board**") of Future Consumer Limited ("the Company") have adopted this policy with regard to related party transactions. The Audit Committee of the Company will review this policy after three years and propose any modifications to the Board for approval.

3. Commencement

This Policy has been further amended in terms of requirements prescribed vide Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 dated 9th November, 2021 and SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021.

The amended Policy shall come into force with effect from 1st April, 2022.

4. 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**" means the audit committee of the Board of Directors of the Company.



- iii. **“Key Managerial Personnel” or “KMPs”** means Key Managerial Personnel as defined under the Companies Act and includes:
- (i) Managing Director, or Chief Executive Officer or Manager;
 - (ii) the Whole Time Director;
 - (iii) Chief Financial Officer.
 - (iv) Company Secretary
 - (v) And any other person as may be designated as Key Managerial Personnel of the Company by the Board from time to time.

- iv. **“Subsequent Material Modification”** shall be any change in the material terms of a related party transaction earlier approved by the Audit Committee of the Company.

- v. **“Material Related Party Transaction”** in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds Rupees 1000 Crore [One Thousand Crore] or 10% [ten per cent] 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 individually or taken together with previous transactions 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. **“Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:
- (i) 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;
 - (ii) Historical practice with a pattern of frequency;
 - (iii) Common commercial practice; or
 - (iv) Meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

- vii. **“Policy”** means this Policy for dealing with Related Party Transactions, as amended from time to time.

- viii. **“Related Party”** in relation to the Company means a party related with the Company in any

of the ways as laid down in section 2(76) of the Companies Act or under applicable accounting standards and sub clause (zb) of Clause 2 of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20%¹ 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 immediate preceding financial year shall be deemed to be a related party.

ix. **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) 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
- (ii) A 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;
 - Sub division or consolidation of securities;
 - Issuance of securities by way of a rights issue or a bonus issue; and
 - 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

¹ Shall be replaced with ten per cent or more which shall be effective from 1st April 2023

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.

The words, terms and expressions referred to in this Policy will have the same meaning as defined under the Companies Act, 2013 (the “Act”) and the rules made there under and the SEBI Listing Regulations including any statutory modification or re-enactment thereto, as the case may be.

In this Policy, unless the contrary intention appears:

- i. The clause headings are for ease of reference only and shall not be relevant to interpretation;
- ii. a reference to a clause number includes a reference to its sub-clauses;
- iii. words in singular number include the plural and vice versa

5. Interpretation

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation / law applicable to the Company.

The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

6. Approval of Related Party Transactions

Audit Committee

All Related party transactions and subsequent material modifications thereto will be referred to the Audit Committee for review and approval. Any member of the Audit 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 excuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction by not being present at the meeting.

All the transactions which are identified as Related Party Transactions and any subsequent 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

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 consolidated turnover, as per the last audited financial statements of the Company.

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 10 [ten percent] of the annual standalone turnover, as per the last audited financial statements of the subsidiary.²

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, if Regulation 23 and Sub-Regulation (2) of Regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.

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:

6.1.1.1 The Audit Committee shall 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.

² with effect from 1st April, 2023

6.1.1.2 The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

6.1.1.3 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 Cr [One crore] per transaction.

6.1.1.4 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.

6.1.1.5 Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188 of the Companies Act, between a holding company and its Wholly Owned Subsidiary Company and transaction between two wholly owned subsidiaries of listed holding Company, whose accounts are consolidated with such Listed Holding Company and placed before the Shareholders of the Company.

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

The Company shall provide the following information, for review of the Audit Committee for 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 Company 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 Company'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. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - a) details of the source of funds in connection with the proposed transaction;
 - b) where any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments,
 - Nature of indebtedness;
 - Cost of funds; and
 - Tenure;
 - c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - d) The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- vii. Justification as to why the RPT is in the interest of the Company;
- viii. A copy of the valuation or other external party report, if any such report has been relied upon;
- ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- x. Any other information that may be relevant

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.

SHAREHOLDER'S APPROVAL

All Material Related Party Transactions shall be carried out as per provisions of the Companies 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 Transactions and subsequent material modification 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.

Prior approval of the Shareholders 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, if Regulation 23 and Sub-Regulation (2) of Regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.

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

- 1) A summary of the information provided by the management of the Company to the Audit Committee as specified in point 6 above;
- 2) Justification for why the proposed transaction is in the interest of the Company;
- 3) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 6 above;
- 4) A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- 5) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- 6) Any other information that may be relevant.

7. Process for Dealing with Related Party Transactions

- 1) Every Director and KMP shall be responsible for providing notice, within reasonable time, 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 KMP to the Company Secretary.
- 2) On the basis of information provided by Directors and KMP, the Company shall identify and prepare a list of Related Parties as per the provisions of Companies Act, 2013, SEBI Listing Regulations and applicable Accounting Standards.

- 3) The Chief Financial Officer, 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.
- 4) Every Director and KMP 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 as the case may be.
- 5) 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.
- 6) The Chief Financial Officer shall also periodically review the structure of related parties in consultation with the Company Secretary, to identify any new related party.
- 7) Any potential Related Party Transactions that are brought to the attention of the Chief Financial Officer shall be submitted with necessary details for prior approval of the Audit Committee.

8. Reporting of Related Party Transactions

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

The details of material transactions with related parties will be included in the corporate governance report which are required to be submitted to the stock exchanges on a quarterly basis.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

The Company shall disclose details of Related Party transactions every six months within 15 days³ from the date of publication of its standalone and consolidated financial results.

³ Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results which shall be effective from 1st April, 2023



9. Amendments

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once in every three years and updated accordingly. Any subsequent amendment/modification in the Companies Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

10. Communication of this Policy

This Policy shall be posted on the website of the Company at www.futureconsumer.in