



V2 RETAIL LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction

The Board of Directors (“Board”) of V2 Retail Limited (“Company”) has adopted this Policy (“Policy”) upon the recommendation of the Audit Committee and the said Policy includes materiality threshold of Related Party Transactions and guidelines for dealing with Related Party Transactions.

This Policy has been formulated in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Regulations”) read with the provisions of Section 177 and 188 of the Companies Act, 2013 (“the Act”) & relevant rules made thereunder as amended from time to time to regulate the related party transactions based on the laws and regulations applicable to the Company.

2. Policy Objective

The Company recognizes that Related Party Transactions (“RPT”) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the best interest of the Company and its Shareholders. This policy is framed primarily to ensure the governance and reporting of the related party transactions. The policy is also prepared for the identification and regulation of the RPTs keeping in view the provisions of the Act read with the rules made thereunder and SEBI Regulations.

3. 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. **“Associate Company”** shall have the meaning as defined in Section 2(6) of the Act.
- c. **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Act and SEBI Regulations.
- d. **“Board of Directors”** means the “Board of Directors” of V2 Retail Limited.
- e. **“Company”** means V2 Retail Limited.
- f. **“Key Managerial Personnel”** means “Key Managerial Personnel” as defined under the Act and the rules made thereunder read with SEBI Regulations.



- g. **“Material Related Party Transaction”** means the following transactions:
- i. 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 (INR 1000 Cr.) or 10% 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 transactions during a financial year, exceed 5% of the annual consolidated turnover of the listed entity, as per the last audited financial statements of the listed entity; and
- ii. A transaction with related party, if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year which is not in ordinary course of business or not on arm’s length basis, exceeds the limit prescribed under the Act, and rules made thereunder.
- h. **“Material Modifications”** means any modification resulting in an overall change in transaction/ agreement value beyond 10 % of a Material Related Party Transaction.
- i. **“Policy”** means policy on materiality of Related Party Transactions and dealing with related party transactions.
- j. **“Related Party”** means a related party as defined under the Act or rules made thereunder and SEBI Regulations including any amendment or modification thereof, as may be applicable.
- k. **“Related Party Transaction”** or **“RPT”** means such transactions as specified under Section 188 of the Act or rules made thereunder and Regulation 2(zc) & 23 of SEBI Regulations including any amendment or modification thereof, as may be applicable.
- l. **“Relative”** means a relative as defined under the Act.
- m. **“Subsidiary Company”** or **“Subsidiary”** means a company as defined under Section 2(87) of the Act.
- n. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.



4. Policy

All RPTs must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy, or any other manner as provided by the Act or Rules made thereunder.

4.1 Disclosure of interest by Directors and KMP's

- Every year, the Directors shall provide declaration to the Company Secretary, with respect to his concern or interest in any Company or Companies or bodies corporate, firms, or other association of individuals in the format prescribed under the Act.
- In case of any change, the declarations will be updated by the Directors and intimated to the Company Secretary for placing before the Board of Directors. Directors will also be required to submit the said declaration at the beginning of every financial year.
- Any individual appointed as director or KMP shall provide declaration to the Company Secretary in the prescribed format.

4.2 Identification of Potential RPTs

Each director and Key Managerial Personnel are responsible for providing notice to the Company of any potential RPT, if not given already in the first Board Meeting of the financial year, involving him/her or his/ her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee/ Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.

The Directors and KMPs will ensure that their notice of any potential RPT is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

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.

4.3 Review and Approval of RPTs

i. Audit Committee

a) For approval of Related Party Transactions

All RPTs and subsequent modification(s) thereto shall require prior approval of the Audit Committee.

Only Independent Directors who are members of the Audit Committee can vote to approve any RPT. Any member of the Audit Committee who has a potential interest in any RPT will abstain from



discussion and voting on the approval of such RPT.

RPT 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 transaction value (individually or taken together) exceeds 10% of the annual standalone turnover of the Subsidiary.

The remuneration and sitting fees paid by the Company or its Subsidiary to its Director, Key Managerial Personnel or Senior Management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not material in terms of the provisions of SEBI Regulations or the Act.

The following information shall be provided to Audit Committee for approving proposed Related Party Transaction:

- 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. Particular of Tenure of the proposed transaction;
- IV. Value of the proposed transaction;
- V. The percentage of the 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:
 - details of the source of funds in connection with the proposed transaction;
 - 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.
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and



- 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 or required pursuant to SEBI Circulars/ Notifications or any other applicable laws or regulations as amended from time to time.

b) For Omnibus approval of Related Party Transactions

The Audit Committee shall lay down the criteria for granting Omnibus approval in line with the Related Party Transaction Policy of the Company or its subsidiary and such approval shall be applicable in respect of transactions which are repetitive in nature.

1. The Audit Committee shall satisfy itself the need for omnibus approval and that such approval is in the interest of the Company;
2. The omnibus approval shall specify the following:
 - i. the name(s) of the related party;
 - ii. nature of transaction;
 - iii. period of transaction;
 - iv. maximum amount of transaction that can be entered into;
 - v. the indicative base price / current contracted price and the formula for variation in the price if any and;
 - vi. such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT 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. One (1) crore per transaction.

3. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.
4. Omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.



5. In determining whether to approve a RPT (Omnibus or otherwise), the Audit Committee may also consider the following factors, among others, to the extent relevant to the RPT:
- i. Whether the terms of the RPT are fair and on arm's length basis to the Company;
 - ii. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
 - iii. Whether the RPTs were entered in the past;
 - iv. Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
 - v. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - vi. Whether the Related Party Transaction would affect the independence of the Directors/ KMP; and
 - vii. Any other factor the Audit Committee deems relevant for reviewing and approving such RPT.

ii. Board of Directors

The Board shall consider and recommend/ approve the Related Party Transactions, which are either material RPT or require approval of Board under Section 188 of the Act and/or transactions referred to it by the Audit Committee.

iii. Shareholder's Approval

Unless exempted, all the Material RPTs including its material modifications shall require prior approval of the shareholders through resolution. No related party shall vote to approve such resolution irrespective of whether the entity is a party to a particular transaction or not.

Provided that the requirement under this point shall not apply in respect of resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of resolution plan being approved.

The notice seeking shareholders' approval shall in addition to the requirements under the Act, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management to the Audit Committee as specified in serial no. 4.3 (i) (a) above;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. 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 in serial no. 4.3 (i) (a) above;



- d. 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;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis; and
- f. Any other information that may be relevant or required pursuant to SEBI Circulars/ Notifications or any other applicable laws or regulations as amended from time to time.

iv. Decision regarding transaction in the ordinary course of business and at arm/s length basis

“Transaction in ordinary course of business” would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake.

The Audit Committee or the Board shall, in respect of the RPTs referred to them for approval and after considering the matter placed before them, shall judge if the transaction is the ordinary course of business and at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, it may seek advice from any outside specialist(s) / professional(s) from the relevant field in helping them to arrive at a decision.

In case there is still no consensus amongst the Audit Committee members, the matter shall then be referred to the Board, which shall decide if the transaction is the ordinary course of business and at arm's length basis.

5. Ratification of RPTs

Subject to the provisions of the Act and SEBI Regulations, in the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be referred to the Audit Committee.

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three (3) months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. One (1) crore;
- ii. the transaction is not material in terms of the provisions SEBI Regulations and the Act;
- iii. rationale to be placed before the Audit Committee for not taking prior approval;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of regulation 23 of SEBI Regulations;
- v. any other condition as specified by the Audit Committee:



Any failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorized by any other Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may recommend the same for approval of Board and/ or direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the Company etc.

6. Review/ Amendment (s)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Audit Committee.

7. Disclosures

- Every material RPT or RPT which is not on Arm's Length basis or such other details as may be required under the Act or SEBI Regulations shall be disclosed in the Annual Report with proper justification for entering into such transactions.
- Details of RPTs shall be submitted to the Stock Exchanges on periodic basis and in the format as specified by SEBI from time to time and copy of the same will be posted on the website of the Company.
- The Company shall disclose the policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.
- A register of RPTs shall be maintained as per the Act and placed before the next Board Meeting and signed by all the directors present at the Meeting.

8. Interpretation

In the event of any conflict between the provisions of this Policy and the Act or SEBI Regulations 2015 or any other statutory enactments/ rules, the provisions of such Act or SEBI Regulations or statutory enactments shall prevail over this Policy.