



# **Future Consumer Limited**

## **Policy for Dealing with Related Party Transactions**



## **OBEJECTIVE**

The Board of Directors (**the “Board”**) of Future Consumer Limited (**the “Company” or “FCL”**) in terms of provisions of *erstwhile* Clause 49 of the Listing Agreement and acting upon the recommendation of Audit Committee, had earlier adopted the Policy for dealing with Related Party Transactions (**the “Policy”**) This Policy has been further amended to terms of requirements prescribed for related party transactions under the Companies Act, 2013 read with Rules framed thereunder and the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended from time to time (**“SEBI Listing Regulations”**). This Policy shall be effective from 1<sup>st</sup> April, 2019.

The objective of this Policy is to ensure that transactions between FCL 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 FCL.
- b) **“Related Party”** shall mean related party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of SEBI Listing Regulations, as may be amended from time to time.
- c) **“Related Party Transaction”** shall mean all transactions between the Company and a Related Party as defined under Regulation 2(1)(zc) of SEBI Listing Regulations.
- d) **“Material Related Party Transaction”** shall have the same meaning as defined under the Regulation 23 of SEBI Listing Regulations.
- 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:**

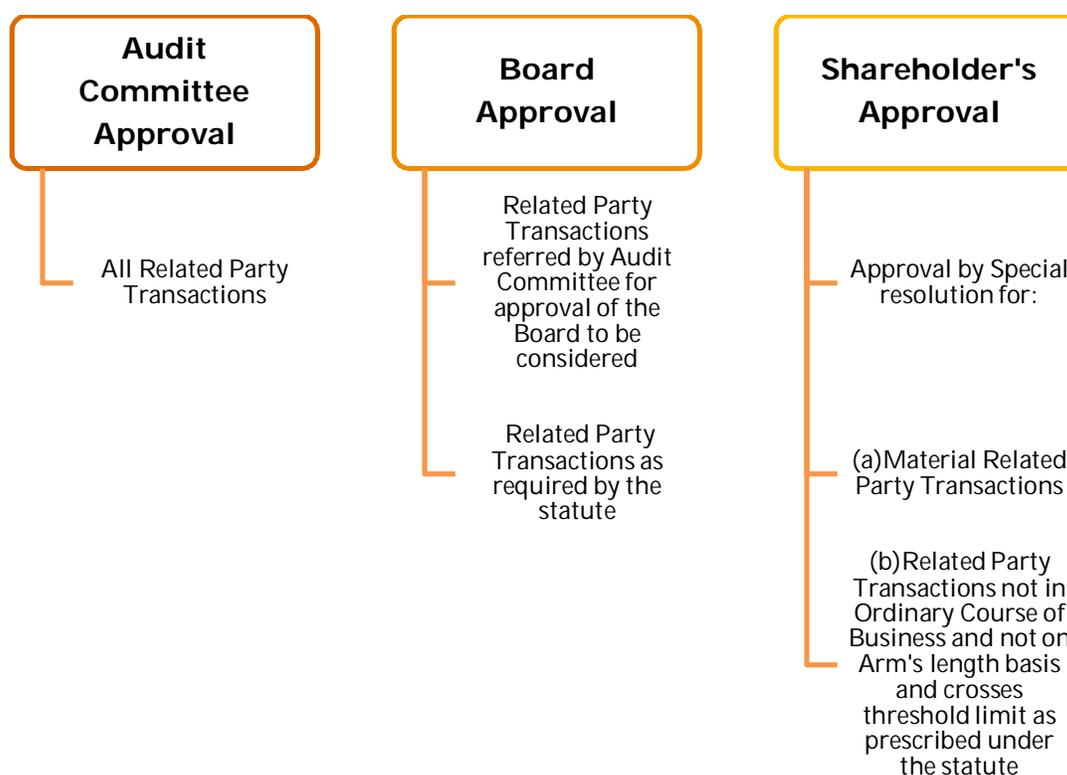
- a) Every Director and KMP shall be responsible for providing notice, within reasonable time, to the Company Secretary, of his/her relatives and their respective interest in other entities which could result in such relative/entity becoming a Related Party. Any change in such information shall also be forthwith provided by such Director and KMP to the Company Secretary.
- b) 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 .
- c) 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.
- d) 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.
- 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) 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.
- g) Any potential Related Party Transactions that are brought to the attention of the Chief Financial Officer shall submitted with necessary details for prior approval of the Audit Committee.

#### 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:



#### **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.

The Audit Committee/ Board may decide to seek advice from an external law firm / advisor for related party transaction.

#### **5. MATERIAL RELATED PARTY TRANSACTIONS**

In compliance with SEBI Listing Regulations, all Material Related Party Transactions shall be subject to prior approval of shareholders of the Company.

#### **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**

Based on the criteria approved by the Board of Directors of the Company, 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.

The Board of Directors of the Company shall review and approve the criteria for entering into relating party transactions on annual basis.

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

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

In case FCL 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 FCL 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 FCL at [www.futureconsumer.in](http://www.futureconsumer.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 as required under the SEBI Listing Regulations.

#### **10. POLICY REVIEW**

This Policy is framed based on the provisions of the SEBI Listing Regulations.. In case of any subsequent changes in the provisions of the SEBI Listing Regulations, the aforesaid SEBI Listing Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with applicable laws /SEBI Listing Regulations.

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.