

SHOPPERS STOP

Related Party Transaction Policy of SHOPPERS STOP LIMITED

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SHOPPERS STOP

RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

The Company is desirous of adopting the following policy and procedures with regard to Related Party Transactions by the Company in order to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. OBJECTIVE

This policy is framed as per requirement of the provisions of Companies Act, 2013 and rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time respectively.

The policy on materiality of related party transactions and dealing with Related Party Transactions by the Company is intended to ensure that proper approval, disclosure and reporting processes are in place for all transactions between the Company and its Related Parties..

3. DEFINITIONS

- **“Act”** shall mean the Companies Act, 2013 and rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force;
- **“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.
- **“Company”** means Shoppers Stop Limited;
- **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
- **“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- **“Related Party”** means a related party, as defined under, (i) Section 2(76) of the Act; or (ii) the applicable Accounting Standards, or (iii) the Listing Regulations.

Provided that any person or entity forming a part of the promoter or promoter group of the Company or any person or any entity, holding equity shares of 10% or more 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.

- **“Related Party Transaction”** shall mean such transactions as specified under Section 188 of the Act or rules made thereunder or Regulation 2(1)(zc) of the SEBI Listing Regulations including any amendment or modification thereof, as may be applicable.

- **“Material Modification”** of a related party transaction, means a variation in the terms of a transaction with a related party, which variation exceeds Rs.50 Crores (Fifty Crores) or 1% (one percent) of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company, whichever is lower.
- **“Material Related Party Transaction”** A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the threshold specified in Schedule I.

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 Company as per the last audited financial statements.”

- **“Ordinary Course of Business”** means transactions that are connected to or necessary for business of the Company and satisfy the following principles:
 - i) The transaction is permitted under the Memorandum of Association of the Company;
 - ii) The transaction is carried on a frequent or regular basis or is as per the industry practice;
 - iii) The transactions, if not frequent, are important and in furtherance to the business objectives of the Company;
 - iv) This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.
- **“Policy”** means this Related Party Transaction Policy, including any amendment(s) thereto.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Listing Regulations, as amended from time to time.

4. POLICY

All Related Party Transactions must be reported to the Audit Committee and referred for approval by only those members of the Audit Committee, who are Independent Directors, in accordance with this Policy.

4.1 Identification of Related Party Transactions

All Promoters, Directors and Key Managerial Personnel (“KMPs”) are responsible for informing the Company of their interest (including interest of their Relatives (as may be applicable) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm’s length basis. On the basis of criteria prescribed under the applicable laws and as per the aforesaid declaration(s)/ disclosure(s)/ notice(s) received from the Promoters, Directors and KMPs, the list of related parties shall be compiled and updated from time to time

In the event of any Related Party Transaction being proposed, each concerned Director and / or Key Managerial Personnel shall notify, Audit Committee and to the Board (if applicable) of such Related Party Transaction, setting out all the specific details as required under the Act, Listing Regulations and other applicable laws pertaining to such transaction prior to the said Related Party Transaction being entered into. The concerned Director and / or Key Managerial Personnel shall provide all relevant information and shall also provide any additional information about the transaction that Audit Committee and the Board (if applicable) may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Each Director and each Key Managerial Personnel shall make best efforts to provide all such information well in advance so that the Audit Committee and the Board (if applicable) shall have adequate time to obtain and review information about the proposed transaction.

4.2 Approval for Related Party Transactions

4.2.1. All transactions with Related Parties to be in the ordinary course of business and at arm's length and shall be subject to the prior approval of the members of the Audit Committee who are Independent Directors, other than a transaction referred to in Section 188 of the Act, between the Company and its wholly owned subsidiary company/(ies).

4.2.2. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm's length, then:

- a. All such transactions will require prior approval of the members of the Audit Committee, who are Independent Directors;
- b. Will require prior approval of the Board, if such transactions fall under Section 188(1) of the Act; and
- c. Will require prior approval of the shareholders of the Company by a resolution if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules thereunder or the threshold limits mentioned in Schedule I and in such cases, no such Related Party(ies) shall vote to approve such resolution(s).

This does not apply to transactions entered into between the Company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4.2.3. A related party transaction above Rs. 1 Crore (One Crore), whether entered into individually or taken together with previous transactions during a financial year, 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 exceeds the lower of the following;

- a. 10 % (ten percent) of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary.
- b. the threshold for material related party transactions of Company as specified in Schedule I of this Policy.

Provided that in the event of a related party transaction above Rs. 1 Crore (one crore rupees), whether entered into individually or taken together with previous

transactions during a financial year, to which the subsidiary of a Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

- a. 10% (ten percent) of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- b. the threshold for material related party transactions of Company as specified in Schedule I of these Policy:

Provided further that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee.

Provided further that 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 these regulations are applicable to such listed subsidiary.

4.2.4. Further, all Material Related Party Transactions, whether such transaction(s) is in the ordinary course of business and/or at arm's length, or otherwise, shall require prior approval of the:

- a. Audit Committee;
- b. Board of Directors; and
- c. Shareholders of the Company by way of a resolution and all entities falling under the definition of related parties shall not vote to approve such resolution(s) irrespective of whether the entity is a related party to the particular transaction or not.

Explanatory Statement to be annexed to the notice of a general meeting seeking approval of shareholders shall contain the following particulars viz: - (a) Name of the Related Party; (b) Name of the Director or Key Managerial Personnel who is related, if any; (c) Nature of relationship; (d) Nature, material terms, monetary value and particulars of the contract or arrangement; (e) Any other information relevant or important for the shareholders to take a decision on the proposed resolution. In particular, shareholders shall be provided with information as is required by applicable provisions of the Listing Regulations, SEBI circulars read with Industry Standards.

4.2.5. Without prejudice to the generality of the foregoing, the Independent Directors of the Company being members of Audit Committee may if it deems so fit, effective for every financial year, provide an omnibus approval for related party transactions proposed to be entered by the Company or its subsidiary/ies which is of the repetitive nature (past/future) and in the interests of the Company, provided that such transactions must be at arm's length and in ordinary course of business. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions (either in the past or in the future). Before granting such omnibus approval, the Audit Committee shall satisfy itself about the need for such approval.

The omnibus approval shall inter-alia include the following:

- the maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- the maximum value per transaction;
- the extent and manner of disclosures to be made to the Audit Committee while seeking omnibus approval;
- the name(s) of the related party, nature of the transaction, period of transaction, maximum amount of the transaction that can be entered into (wherever possible);
- 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 the maximum value per transaction not exceeding rupees 1 crore.

Any Director who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.

Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:

- Transactions in respect of selling or disposing of the undertaking of the Company;
- Such other transactions specified under Applicable Law, from time to time.

Audit Committee shall review, on quarterly basis, the details of such related party transactions entered into by the Company or its subsidiary(ies) pursuant to such omnibus approval accorded by it.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval thereafter.

If the omnibus approval is granted by the shareholders for the material related party transactions in the annual general meeting (AGM) same shall be valid till the next AGM held according to the Act or rules, notifications, or circulars issued thereunder from time to time, Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than AGM, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

Existing contracts entered into by the Company which already came into effect before the commencement of the Act, will not require fresh approval under the Act till the expiry of the original term of such contracts. However, if any modification in such contract is made on or after April 1, 2014, the requirements under the Act or Listing Regulations, as applicable, will have to be complied with.

4.3 Specific Transaction Policies

- a. In relation to any Related Party Transactions pertaining to the borrowing of monies, or the availing of any other financial facilities of whatsoever nature, the Company shall ensure that all such borrowing/ facilities are availed strictly based on the growth

- plans, projections and business prospects of the Company.
- b. In relation to any Related Party Transactions pertaining to the lending of monies, providing Corporate Guarantees for borrowings, subscription of share capital or the provision of any other facility, the Company shall ensure that all such transactions are entered into strictly based on the growth plans, projections and business prospects of the said related party, and as also keeping in mind the best interests of the Company.
 - c. In relation to any Related Party Transactions pertaining to obtaining of immovable property by the Company for the business purposes from any Related Party, the Company shall ensure that the same transactions are carried out only as necessary for the best commercial interests of the Company, and shall also ensure that the terms and conditions of such transaction are in the best interests of the Company.
 - d. In relation to any Related Party Transactions pertaining to buying/ selling of merchandise and/ or availing/ rendering of services, for the business purpose to/ from any Related Party, the Company shall ensure that the transaction shall be carried out in the best commercial interest of the Company, considering the Related Party as if they were unrelated, so that there is no conflict of interest.

4.4 Exception to 4.2 and 4.3

The provisions of 4.2 and 4.3 for obtaining approval of Audit Committee shall not be applicable in the following cases:

- a. transactions entered into between the Company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; and
- b. transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- c. remuneration and sitting fees paid by the listed entity or its subsidiary(ies) 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 related party transactions.
- d. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand

4.5 Disclosures

All disclosures related to Related Party Transactions shall be made in accordance with applicable laws, regulations, and governance standards, including those prescribed under the Act, Listing Regulations, and any other relevant statutory provisions. The Company shall ensure that adequate and timely information is provided to the Audit Committee, Board, and Shareholders as required under these Policy, Act or listing regulation.

4.6 Review and Approval of Related Party Transactions

Related Party Transactions to be entered will be referred to the next regularly scheduled meeting of Audit Committee for its review and approval. The minimum information in respect of each Related Party Transactions and subsequent proposed modifications thereto, shall be placed before the Audit Committee for its approval. Any Related Party who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

While considering a Related Party Transaction, the Audit Committee may inter-alia consider the following:

- a. Whether the same transaction can be completed on same or better terms with any third party;
- b. Whether the terms of the Related Party Transaction are fair, in ordinary course of business and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- c. Whether there are any compelling business/ economic reasons for the Company to enter into the Related Party Transaction;
- d. Whether the proposed transaction is in best interests of the Company and is in compliance with all applicable laws;
- e. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- f. Whether the Audit Committee was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- g. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Board or the Shareholders of the Company; unless specifically provided by the Act or Listing Regulations.

- a. Any transaction that involves the providing of compensation to a director or to a Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- c. Any transaction which has been specifically excluded from the compliance under the Act or Listing Regulations to the extent provided therein.

4.7 Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the transaction shall be placed before the Audit Committee or Board or the Shareholders as the case may be, in accordance with the provisions of the Act / applicable laws and in accordance with this Policy for review and ratification.

The Independent Directors of the Company being members of the Audit Committee, may ratify the related party transactions within three months from the date of transaction or in the immediate next meeting of the audit committee whichever is earlier, subject to following conditions:

- the transaction is not a Material related party transaction(s).
- rationale for inability to seek prior approval for the transaction shall be placed before

- the audit committee at the time of seeking ratification.
- the details of ratification shall be disclosed along with the disclosures of related party transactions in formats as specified by Listing Regulations and applicable Industry Standards.
 - any other condition as specified by the Audit Committee.

Provided that 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 authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

4.8 Reporting of Transactions

Appropriate disclosures as required pursuant to the provisions of the Act, Listing Regulations or any other applicable law, shall be made by the Company to the shareholders, stock exchanges and other authorities as may be prescribed from time to time.

Provided that the Company shall submit to the stock exchange disclosures of related party transactions in the specified format and publish the same on the website. Such disclosure shall be made every six months on the date of publication of its standalone and consolidated financial results.

5. REVIEW

The Audit Committee and Board of Directors will review and may amend this policy from time to time. Further, the Board may, from time to time, make recommendations in respect of this Policy, and the Audit Committee shall consider all such recommendations made by the Board and shall either implement the same, or issue a written explanation to the Board as to why such recommendation should not be included.

This policy shall be reviewed by the Audit Committee and Board of Directors as needed, but at least once every three years.

6. APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Company management determines that it is impractical or undesirable to wait until a meeting of the Audit Committee to enter into a Related Party Transactions, such transaction may be approved by the Independent Directors being members of the Audit Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force.

7. SCOPE LIMITATION

Further, in any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over the policy and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard as the case may be.

8. DISSEMINATION OF POLICY

The Company shall disclose this policy as required under the provisions of the Act and Listing Regulations from time to time. This Policy shall be disseminated by Company Secretary of the Company to all the senior management and other concerned persons of the Company.

Schedule I

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following:

Consolidated Turnover of Listed Entity	Threshold
Upto ₹ 20,000 Crore	10% of the annual consolidated turnover of the listed entity
More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.