

RELATED PARTY TRANSACTIONS POLICY

1. Preamble

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

In compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made there under and any subsequent amendments thereto (the "Act") and Listing Agreement with the Stock Exchanges, in order to ensure the transparency and procedural fairness of such transactions, the Board of Directors (the "Board") of The Phoenix Mills Limited (the "Company"), acting upon the recommendation of its Directors has adopted the following policy and procedures with regard to Related Party Transactions as defined below in its Board Meeting held on September 30, 2014. The Committee would review and may recommend amendments to this policy to the Board. The Board may amend this policy from time-to-time.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. Objective

The primary objective of this policy is to ensure due compliance by the Company with all applicable regulations contained in the Companies Act, 2013, the Listing Agreement, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and Secretarial Standards in the course of its business transactions.

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders. Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws

3. Definitions

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

"Associate Company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation.—"significant influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement.

"Total Share Capital" means the aggregate of the paid-up Equity Share capital and Convertible Preference Share capital.

"Board" means Board of Directors of the Company.

"Control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position.

"Key Managerial Personnel" means a key-managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

"Material Related Party Transaction" 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 the company as per the last audited financial statements of the company.

"Policy" means Related Party Transactions Policy.

"Related Party" means related party as defined in Clause 49 of the Listing Agreement which is as follows:

“An entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act,2013; or
- (ii) such entity is a related party under the applicable accounting standards.”

As per Section 2(76) of the Companies Act, 2013, related party with reference to a company, means

- (i) A director or his relative;
- (ii) A key managerial personnel or his relative;
- (iii) A firm, in which a director, manager or his relative is a partner;
- (iv) A private company in which a director or manager is a member or director;
- (v) A public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) Any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) Any person under whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) Any company which is -

- (a) a holding, subsidiary or an associate company of such company; or
 - (b) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) A director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company shall be deemed to be a related party.

"Related Party Transaction" means transactions/ contracts/ arrangement for Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged and would include a single transaction or a group of transactions in a contract.

"Relative" means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. One person is related to the other in the following manner, namely:-
 - a. Father (including step-father)
 - b. Mother (including step-mother)
 - c. Son (including step-son)
 - d. Son's wife
 - e. Daughter
 - f. Daughter's husband
 - g. Brother (including step-brother)
 - h. Sister (including step-sister)

"Transactions on arm's length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. Policy

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

4.1 *Identification of Potential Related Party Transactions*

Each director and Key Managerial Personnel is responsible for providing notice to the Board or the Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Committee may reasonably request. The Committee would determine whether the transaction done, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Each director and Key Managerial Personnel is obligated to report well in advance to the Committee of any potential Related Party Transaction involving him or her or his or her Relative so that the Committee has adequate time to obtain and review information about the proposed transaction.

Based on the disclosures received from the directors, the Management shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause 3 above, along with their personal/company details including any revisions therein.

The Related Party List shall be updated whenever necessary and shall be reviewed at least once in a year, as on 1st April every year.

4.2 Review and Approval Process for Related Party Transactions

As per approved terms of reference of the Committee by the Board, all Related Party Transactions shall require prior approval of the Committee or shall be ratified at the next regularly scheduled meeting of the Committee. Any member of the Committee who has a potential interest in any Related Party Transaction shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction. Before approving such transactions, the Committee shall look into the interest of the Company and its Stakeholders in carrying out the Transactions and on the benefits.

To review a Related Party Transaction, the Committee shall be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, Management's justification and any other relevant matters as may be required by the Committee. In determining whether to approve a Related Party Transaction, the Committee will consider inter-alia the following factors, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis and in the ordinary course of business to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company 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
- 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 director, Executive Officer or other 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 Board/Committee deems relevant.

The Committee may accordingly approve or modify and if required ratify such transactions, in accordance with this policy and/or recommend the same to the Board for approval. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated there under and Clause 49 of the Listing Agreement and must be approved in the manner as may be decided by the Board of Directors.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of the Committee or Shareholders, subject to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder:

- i. Any payment/transaction in accordance with the terms already approved by the Shareholders or in compliance with the Companies Act, 2013 and Listing Agreement that involves providing of compensation to a director or 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.
- ii. Any payment/transaction in accordance with the terms already approved by the Shareholders or in compliance with the Companies Act, 2013 and Listing Agreement 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.

4.3 Material Related Party Transactions and Others transactions not in ordinary course and nota at arm/s length basis

The Independent Directors shall ensure that adequate deliberations are held before approving all Material Related Party Transactions and transactions which are not in Ordinary Course of Business and not on arm's length basis. They shall satisfy themselves that the same are in the interest of the Company and its shareholders and record the reasons/justifications for approving the same.

All Material Related Party Transactions shall require Shareholders approval by way of Special Resolution in the General Meeting. Further, all related party transactions as per Section 188 of the Companies Act, 2013 and Rules made thereunder, shall require prior approval of the shareholders by way of a Special Resolution in the General Meeting.

In the case of a transaction with a wholly owned subsidiary of the Company, the Special Resolution passed by the Company shall be sufficient for the purpose of entering into the transactions with such wholly owned Subsidiary within the limits approved by the Shareholders.

4.4 Related Party Transactions that are frequent and regular in nature

In the case of Transactions which are frequent and regular in nature and are in the normal course of business of the Company, the Committee may grant omnibus approval for such Transactions. Further, it may periodically review and assess such approval and revise the same as deemed proper and ensure that they are in compliance of this Policy and the guidelines herein. For granting such

omnibus approval, the Committee shall lay down the criteria which are in line with this Policy. The Committee shall also satisfy itself on the need for granting such approval and such approval should be in the interest of the Company. Such omnibus approval shall *inter alia* 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;
- (vi) such other conditions as the Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 Crore per transaction.

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

The Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

4.5 *Related Party Transactions not approved under this Policy*

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee 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 in accordance with law and applicable provisions.

5. Disclosures

- i. Details of all material transactions with related parties as prescribed under clause 49 of the listing agreement shall be disclosed quarterly along with the compliance report on corporate governance.
- ii. The Company shall disclose this policy relating to Related Party Transactions on its website and a web link thereto would be disclosed in the Annual Report of the Company.
