

TRENT LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

- *Effective from 1st October 2014*
- *Revised on 5th February 2019 effective from 1st April 2019*
- *Revised on 2nd November 2021 effective from 1st January 2022*

1) SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“**Act**”) read with the Rules framed there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), as amended from time to time, Trent Limited (“**Company**”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, the Company has framed this Policy on Related Party Transactions (“**Policy**”). This Policy has been adopted/ revised by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy as and when required and at least once in every three years, subject to the approval of the Board.

In case of any inconsistency in the Policy and the SEBI Listing Regulations, as may be amended from time to time, the provisions of the SEBI Listing Regulations would prevail.

2) ABOUT THE COMPANY

The Company is carrying on the business of retailing of readymade garments for men, ladies and children, household and gift items, footwear, accessories, toys etc. under the name and style "Westside". The Company is also carrying on the business of retailing of books, music, toys, etc. under the banner “Landmark”. The Company also operates the value fashion apparel business under the banner “Zudio”.

3) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

4) DEFINITIONS

“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.

“Audit Committee” means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

“Company” means Trent Limited.

“Ordinary course of business” may include that transaction which is permitted by the Object Clause in the Memorandum of Association of the Company or which is connected with the normal business of the Company or which is a historic/common commercial practice or the income earned of which is assessed a business income or expense incurred which is assessed as a business expense.

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

“Related Party Transactions” shall mean such transactions as specific 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.

“Subsidiary” means a company as defined in Section 2(87) of the Act.

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

5) MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders approval will be required.

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, exceed 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

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 last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

6) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of related parties

The Company has adopted a process for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

b) Identification of related party transactions

The Company has adopted a process for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has adopted a process for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

c) Procedure for approval of related party transactions

• Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- 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;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall provide details of (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 (for ex: +/- 5%) and (iii) such other conditions as the Audit Committee may deem fit. However, in case of related party transactions which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value does not exceed ₹ 1 crore per transaction;
- The 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; and
- Such omnibus approval shall be valid for 1 year.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed - including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and

- quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
 - Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
 - Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
 - management assessment of pricing terms and business justification for the proposed transaction; and
 - comparative analysis, if any, of other such transaction entered into by the Company.

As per Section 177 of the Act, the requirement for seeking Audit Committee approval shall not be applicable to transactions, other than a transaction referred to in Section 188 of the Act, between the Company and its wholly owned subsidiary/ies.

Further, as per Regulation 23(5) of the SEBI Listing Regulations, the requirement for seeking Audit Committee approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

- Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;
- Transactions which are viewed to be in the ordinary course of business and at arm's length basis by the Management, but which are also tabled to the Board for its approval from an improved governance perspective; and
- Transactions meeting the materiality thresholds laid down in Clause 5 of the Policy, which are intended to be placed before the shareholders for approval.

- Approval of the Shareholders of the Company

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 5 of the Policy, are placed before the shareholders for approval. For this purpose, no related party shall vote to approve the transaction irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, are placed before the shareholders for its approval.

However, the requirement for seeking shareholders approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

7) DISCLOSURES

The Company shall disclose, in the Board's report, transactions in respect of which Section 188(1) of the Act is/ may be applicable along with the justification for entering into such transaction/s.

Additionally, the Company shall also provide details of all related party transactions meeting the materiality threshold (laid down in Clause 5 of the Policy above) on a quarterly basis in the Compliance Report on Corporate Governance to the stock exchanges.

The Company shall also submit within 30 days from the date of publication of half yearly financial results, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results, to the stock exchanges and publish the same on its website.

8) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. 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. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

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, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.