

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

**1. PREAMBLE:**

The Board of Directors (“the **Board**”) of Speciality Restaurants Limited (the “**Company**”) has adopted this “Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions” (the “**Policy**”) upon the recommendation of the Audit Committee in compliance with the requirements of Section 188 of the Companies Act, 2013 and the rules made thereunder and Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

This Policy was recommended to the Board by the Audit Committee on March 7, 2015 and approved by the Board on March 24, 2015 and shall be deemed to be effective from June 1, 2014.

**2. DEFINITIONS:**

- (a) “Act” means the Companies Act, 2013 and the rules made thereunder including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (b) “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. For determining the Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.
- (c) “Audit Committee” or “Committee” means the Committee of the Board constituted/re-constituted in accordance with applicable law, including the Act and the Listing Agreement.
- (d) “Board of Directors” or “Board” means the Board of Directors of the Company.
- (e) “Company” means Speciality Restaurants Limited.
- (f) “Key Managerial Personnel” mean such persons as described in the Act.
- (g) “Listing Agreement/s” means the Listing Agreement/s entered into by the Company with the Stock Exchange/s.

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- (h) “Related Party” in relation to the Company means a party related to the Company in any manner described under Section 2(76) of the Act and Clause 49 of the Listing Agreement.
- (i) “Related Party Transaction” means any contract/arrangement/transaction between the Company and any Related Party under the Act or the Listing Agreement or any other related law, regulation or standard.
- (j) “Relative” means a relative as defined under the Act.
- (k) “Material Related Party Transaction” means a Related Party Transaction to be entered into with a related party, value whereof individually or taken together with previous Transaction during the financial year exceeds ten percent (10%) of the annual consolidated turnover of the company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Act or the Listing Agreement whichever is stricter, from time to time.

**3. Identification of potential Related Party Transactions:**

1. Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit 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/Audit Committee may reasonably require. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with the Policy. The Company will identify the potential transactions with the Related Parties. Such transactions include (i) transactions entered into with associates, subsidiaries of the Company and joint ventures of the Company; (ii) transactions entered into with Directors, Key Managerial Personnel or their relatives.
2. The Company strongly advocates receipt of such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

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**4. Review and approval of Related Party Transactions:**

1. All Related Party Transactions shall require the prior approval of the Audit Committee.
2. The Audit Committee may grant prior omnibus approval for up to one year for one or more Related Party Transactions proposed to be entered into by the Company subject to the conditions as prescribed under Clause 49 of the Listing Agreement.
3. The Board shall approve such Related Party Transactions as required under the Act and the Listing Agreement or transactions referred to it by the Audit Committee.
4. All the Material Related Party Transactions shall require approval of the shareholders of the Company by way of a special resolution subject to the provisions of Clause 49 of the Listing Agreement.
5. Prior approval of the Board of Directors and shareholders is required to be taken before entering into Related Party Transactions which are not in the ordinary course of business and not on an arm's length basis and are beyond such limits as specified under the Act.
6. Where any director is interested in any Related Party Transaction, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such transaction.
7. All Related Party Transactions (other than Material Related Party Transactions) pursuant to Section 188 of the Act which are not in the ordinary course of business or not on an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through special resolution and the Related Parties shall abstain from voting on such resolution(s).
8. The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of the Listing Agreement and/ or the Act, as amended from time to time.

**5. Review and ratification of Related Party Transactions not approved earlier:**

1. If prior approval of the Audit Committee/Board/General Meeting for entering into a Related Party Transactions is not feasible then the Related Party Transaction shall be ratified by the Audit Committee and the Board/General Meeting, if required, within 3 month of entering into the Related Party Transaction.

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2. 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 reviewed by the Audit Committee. The Audit Committee shall consider all 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 shall take such action it deems appropriate.
3. In any cases where the Audit Committee/Board/ general meeting determines not to ratify a Related Party Transactions that has commenced without approval, the Committee or the Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate rescission of the transaction, or modification of the transaction to make it more acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/Board has authority to modify or waive any procedural requirements of this policy.

**6. Disclosures:**

1. The Company shall report to the Stock Exchanges on quarterly basis, the details of all material transactions with Related Parties.
2. The Company shall disclose particulars of contracts or arrangements with the Related Parties in its Board's Report.
3. The Company shall disclose the Policy on its website and web-link shall be provided in the Annual Report.

**7. Amendment to the Policy:**

The Board of Directors may review and amend this policy from time to time subject to the review of Audit Committee.