

SPECIALITY RESTAURANTS LIMITED

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

I. 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 the Companies Act, 2013 (the “**Act**”) and the rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time (the “**Listing Regulations**”) and the uniform listing agreement dated December 1, 2015 and December 11, 2015 (“**Listing Agreement**”) entered into by the Company with National Stock Exchange of India Limited and BSE Limited respectively.

The 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.

The Revised Policy was reviewed and recommended to the Board by the Audit Committee on November 7, 2019 and approved by the Board on November 7, 2019 and shall be deemed to be effective from April 1, 2019.

This Revised Policy is with respect to the Sixth Amendment to the Listing Regulations dated November 9, 2021 and Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, will be effective from April 1, 2022.

II. 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 as amended from time to time.
- (d) “**Associate Company**” means any other company, in which the Company has a significant influence, but which is not a subsidiary of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause,

“significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.

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- (e) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- (f) “**Company**” means Speciality Restaurants Limited.
- (g) “**Key Managerial Personnel**” mean such persons as described in the Act.
- (h) “**Listing Agreement/s**” means the Listing Agreement entered into by the Company with the Stock Exchanges.
- (i) “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time, including any modifications, amendments, clarifications, circulars or re-enactments thereof issued thereunder .
- (j) “**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 Regulation 2(1)(zb) of the Listing Regulations.

The following shall also be deemed to be a Related Party -

- a. all persons or entities forming part of promoter or promoter group of the Company; or
- b. any person/entity holding equity shares in the Company, as below, either directly or on a beneficial interest basis, as provided in Section 89 of the Act, at any time during the immediately preceding financial year:
 - i. to the extent of 20 % or more; or
 - ii. to the extent of 10% or more with effect from April 1, 2023.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

- (k) “**Related Party Transaction**” means a transaction involving a transfer of resources, services or obligations between
 - (i) the Company or any of its subsidiaries, on one hand and Related Party of the Company or any of its subsidiaries, on the other hand or;
 - (ii) between a Company or any of its subsidiaries, on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

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Any transaction entered into by a Company with a Related Party shall also be a related party if it is for:

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the Company;

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

- (a) “**Relative**” means a relative as defined under the Act.
- (b) “**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 rupees one thousand crore or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

In case of payment 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% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

- (c) “**Material Modification**” in terms of Listing Regulations means any modification(s) in the pricing, quantity or overall transaction value having a variance of 10% (ten percent) or more, in the relevant previously approved related party transaction or such modification as may be decided by the Audit Committee.

III. MATERIALITY THRESHOLDS:

In accordance with Regulation 23 of Listing Regulations, the Company has formulated this Policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors.

A transaction with a related party shall be considered material if the transactions to be entered individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower (“**Material Related Party Transaction**”).

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, exceeds 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements.

IV. 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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V. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

Approval by the Audit Committee:

1. All Related Party Transactions and subsequent Material Modifications shall require the prior approval of the Audit Committee.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

2. The Audit Committee may grant prior omnibus approval for up to one year for one or more Related Party Transactions which are repetitive in nature proposed to be entered into by the Company subject to the conditions as prescribed in the Act and under Regulation 23 of the Listing Regulations, including disclosure obligations as specified therein, as amended from time to time.
3. The Audit Committee shall also satisfy itself the need for omnibus approval and that such approval is in the interest of the Company.
4. 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 approvals given.
5. The omnibus approvals shall be valid for a period not exceeding one year. The transaction shall require fresh approval after the expiry of one year.
6. The audit committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
7. Prior approval of the Audit Committee shall be required for :
 - i. All Related Party Transactions and subsequent Material Modifications;
 - ii. Related Party Transaction where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with the previous transactions during financial year exceed 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company;
 - iii. With effect from April 1, 2023, related party transaction to which the Company's subsidiary is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
 - iv. Provided that prior approval of the audit committee of the Company shall not be required for a related party transaction where a listed subsidiary of the Company is a party but the

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Company is not a party, if regulation 23 and 15 (2) of the Listing Regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (iv) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

8. If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.
9. The Audit Committee shall also review the statement of significant related party transactions submitted by the management as per its terms of reference.
10. Any member of the 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.
11. 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 approvals given.
12. To review a Related Party Transaction, the Committee shall be provided with the necessary information [(as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time)], to the extent relevant, with respect to actual or potential Related Party Transactions.
13. The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this Policy.

Approval of the Board of Directors and the Shareholders:

1. All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all related party transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed in the Act **as per Annexure A** shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

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Further, the information as prescribed under the Act and/or the Listing Regulations, from time to time shall be provided in the notice to the shareholders for consideration of Related Party Transactions.

2. All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and Shareholders through ordinary resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for Related Party Transactions where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

Provided that the aforesaid requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

Provided that the provisions pertaining to -

- Prior approval of the Audit Committee for all Related Party Transactions;
- Omnibus approval for Related Party Transactions; and
- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications shall not be applicable when the transactions are 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.

VI. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL:

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 including following:

1. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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2. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.

VII. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

VIII. DISCLOSURES:

1. Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
2. The details of Material Related Party Transaction shall be provided in the notice to shareholders
3. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
4. The Company shall submit disclosure of information related to Related Party Transactions to the stock exchanges every six months in the format specified by the Securities and Exchange Board of India with the following timelines
 - i. within 15 days from the date of publication of its standalone and consolidated financials;
 - ii. simultaneously with the date of publication of its standalone and consolidated financials with effect from April 1, 2023 and also publish the same on its website
5. The Company shall disclose policy on dealing with Related Party Transactions on its website and also in its Annual Report

This Policy will be communicated to all operational employees and other concerned persons of the Company.

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IX. AMENDMENT TO THE POLICY:

The Board of Directors may review this Policy at least once every three years and amend it from time to time subject to the review of Audit Committee.

X. REVIEW OF THE POLICY:

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the Listing Regulations.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and the Listing Regulations or any other regulations (the “**Regulations**”) which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in the Act and/or Regulations or as may be felt appropriate by the Audit Committee. Any changes or modification in the Policy as recommended by the Audit Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

This Policy is lastly amended as per the recommendations of the Audit Committee meeting held on May 27, 2022 and approved by the Board of Directors at its meeting held on May 27, 2022.

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ANNEXURE A

Transactions that, require prior approval of shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows :

As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below -

1. Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company , as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
3. Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
4. Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.