



POLICY FOR DEALING WITH RELATED PARTY TRANSACTIONS

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PREAMBLE:

The Board of Directors (the “Board”) of Praxis Home Retail Limited (the “Company” or “PHRL”), had adopted this policy (the “Policy”) upon the recommendation of its Audit Committee on 12th December, 2017 and is subject to review on the basis of amendments as required under the Companies Act and SEBI Regulations by the Audit Committee and the Board from time to time.

OBJECTIVE:

The objective of this Policy and procedure is to ensure that transactions between PHRL and its related parties are based on principles of transparency and arm’s length dealings. Likewise, this Policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

This Policy is framed / amended considering the requirements of setting 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 Companies Act, 2013 (“Act”) read with the Rules framed there under, applicable Accounting Standards prescribed under the Act (“Accounting Standards”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), its related amendments thereon and any other laws and regulations as may be applicable to the Company, for the time being in force.

1. DEFINITIONS:

- a) **“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.
- b) **“Audit Committee”** shall mean the Audit Committee of the Board of Directors constituted from time to time in accordance with the applicable provisions of the Act and SEBI Listing Regulations.
- c) **“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 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Provided that 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

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

- d) **“Material Modification”** in relation to a Related Party Transaction approved by the Audit Committee or a material related party transaction approved by the Shareholders, as the



case may be, material modifications means any variance in the approved terms and conditions for the proposed related party transactions including having an upward or downward impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 5% of transactions, in each case, over and above the approved limits.

e) **“Key Managerial Personnel”** or **“KMPs”** shall have the meaning as defined under the Act or referred under the SEBI Listing Regulations.

f) **“Related Party”** shall have the meaning as defined in Section 2(76) of the Act and/or applicable Accounting Standards and Regulation 2(1)(zb) of the SEBI Listing Regulations *Provided that :*

a. *any person or entity forming a part of the promoter or promoter group of the listed entity; or*

b. *any person or any entity, holding equity shares:*

i. *of twenty per cent or more; or*

ii. *of ten per cent or more, with effect from April 1, 2023;*

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”.

g) **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:

i. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

ii. **a listed entity 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 listed entity 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:

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 listed entity 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 that all Related Party Transactions and subsequent “Material Modifications” shall always be within the defined threshold as per the definition of “Material Related Party Transactions”

h) **“Relative”** shall have the meaning as defined under sub-section (77) of section 2 of the Act and rules prescribed there under.



- i) **“Specified Limit”** as specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, for the purpose of first proviso to sub-section (1) of section 188 of the Act.

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

2. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS:

- a) Each Director and KMPs is responsible for providing notice to the Company Secretary of his/ her relatives and their respective interest in other entities which could result in such relative/ entity becoming a Related Party. Any change in such information shall also be forthwith provided by such Director and KMPs.
- b) Company Secretary shall, based on information received from each Director and KMPs, identify and prepare a list of Related Parties for a given period under the provisions of the Act and applicable Accounting Standard.
- c) Head-Accounts shall make necessary flagging of such Related Parties in the accounting system to ensure availability of required approvals for Related Party Transaction.
- d) Each Director, KMPs and Head-Accounts shall be responsible for providing notice to the Company Secretary of any proposed Related Party Transaction, including any additional information about the transaction which are required to be placed before the Audit Committee and/or the Board.
- e) The Company strongly prefers to receive such notice of any proposed Related Party Transaction well in advance so that the Company Secretary has adequate time to review information about the proposed transaction and to seek necessary approval of the Audit Committee and/or the Board and/or Shareholders of the Company, as the case may be.
- f) In addition, the Company Secretary may require periodical update of the information from Directors and KMPs for identification of Related Parties.
- g) The Company Secretary shall maintain database of all Related Parties based on the notice/ declaration received from Directors/ KMPs including Group entities and share the same with Head-Accounts and Chief Financial Officer on a quarterly basis to monitor the transactions with them.
- h) Any proposed Related Party Transactions that are brought to the attention of Head Accounts or Chief Financial Officer shall be analysed, in consultation with Management of the Company and/or with an external consultant, as appropriate. The Board shall record the disclosure of interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.



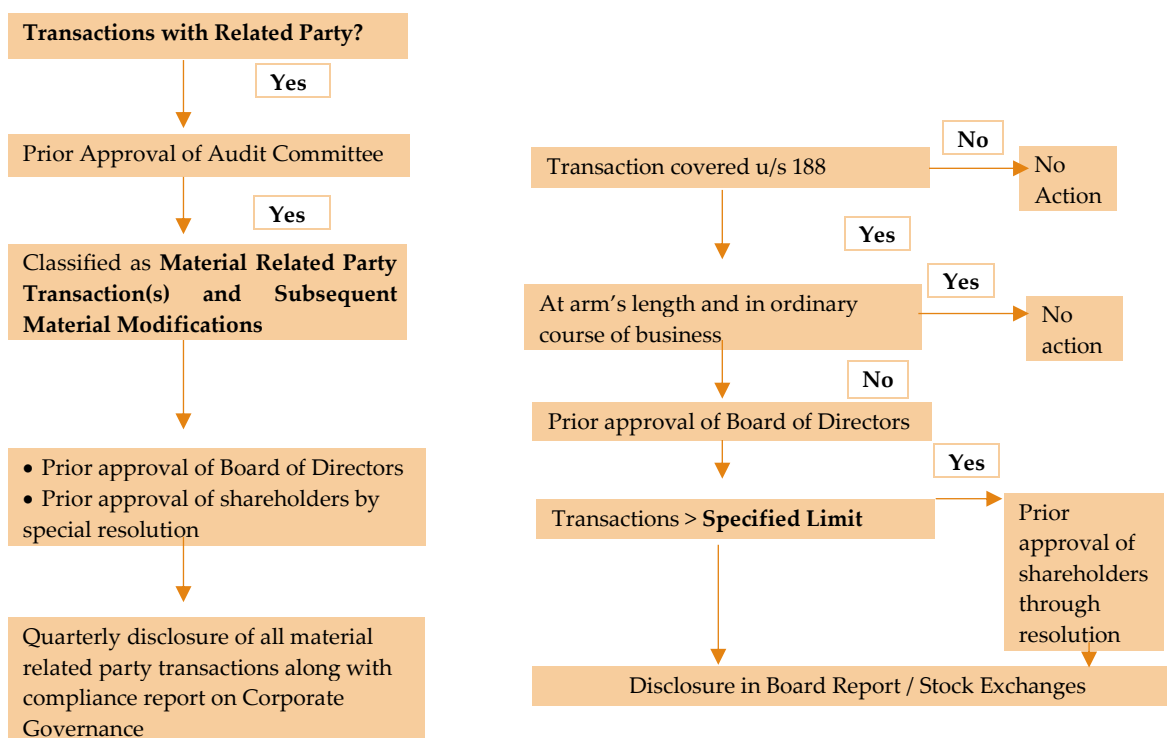
3. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction and subsequent material modifications shall be subject to the prior approval of the Audit Committee.

The Material Related Party Transaction and subsequent material modifications requiring approval of the Board and/or Shareholders of the Company shall be as per framework given below

Any member of the Audit Committee or Board who is interested in any Related Party Transaction shall abstain from discussion and voting on the approval of such Related Party Transaction.

All Material Related Party Transactions and subsequent material modifications shall require approval of the Shareholders through resolution and no Related Party shall vote to approve on such resolution whether the entity is a Related Party to the particular transaction or not. The approval policy framework is given below:



^Transaction shall include any and subsequent material modifications made to the original Transaction.

4. GENERAL CRITERIA FOR APPROVAL OF RELATED PARTY TRANSACTIONS:

The approving authority shall be provided with all the relevant information of the Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other relevant matters including information required under applicable rules of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.



5. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH:

The Audit Committee or the Board shall, after considering the information placed before the Committee or Board (wherever required); judge whether the related party transaction referred to it, is in the ordinary course of business and at arm's length basis.

If required, the Audit Committee or Board may seek advice of external consultants whether particular transaction is in the ordinary course of business and arms' length basis or otherwise.

6. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS PROPOSED TO BE ENTERED:

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions, namely-

- (a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- (c) the omnibus approval shall specify the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, 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 their value not exceeding Rs. 1.00 Crore (Rupees One Crore) per transaction.
- (d) 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.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

7. RELATED PARTY TRANSACTIONS NOT APPROVED PRIOR TO ITS CONSUMMATION:

In the event the Company becomes aware of a proposed Related Party Transaction, prior to its consummation, it would obtain prior approval from the Audit Committee/ Board/ Shareholders, wherever applicable.

In case prior approval from the Audit Committee/ Board is not obtained for any Related Party Transaction, such transaction may be brought subsequently to the Audit Committee after it is entered into or after it becomes reasonably apparent that the transaction is covered



by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding such Related Party Transactions brought to its notice, and shall evaluate all options available to the Company including ratification, revision or termination of the such Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been entered without prior approval, the Audit Committee may direct additional actions including but not limited to, immediate discontinuation or rescission of particular transaction.

In case, where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by Shareholders by way of a resolution in the general meeting, wherever applicable and if it is not ratified by the Board or, as the case may be, by the Shareholders within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the Shareholders and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

8. **DISCLOSURE:**

This Policy will be uploaded on the website of PHRL at <http://www.praxisretail.in>

The Company will disclose the details of all Material Related Party Transaction(s) on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under the SEBI Listing Regulations.

Significant Related Party Transactions are to be disclosed in Board's Report along with justification for entering into such Related Party Transactions;

The Company shall submit within 30 days from the date of publication of its Standalone and Consolidated Financial Results (if any) for the half year, 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 also publish the same on its website.

Further, the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results, with effect from April 1, 2022 and shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.



9. POLICY REVIEW:

The Audit Committee / Board shall have authority to modify or waive any procedural requirements of this policy.

In the event of any conflict between the provisions of this Policy and provisions of the SEBI Listing Regulations or the Act and Rules framed thereunder or any other applicable laws for the time being in force, the later shall prevail over the Policy.

This Policy shall be reviewed by the Audit Committee periodically. Any revision or modification to the Policy, if any, shall be considered and approved by the Board based on the recommendations of the Audit Committee. The Board shall review the Policy at least once in every three years and if required, update it accordingly.

The Policy was adopted by the Board at its meeting held on	December 12, 2017
Policy released with effect from	December 12, 2017
First Revision by the Board	March 27, 2019
Second Revision by the Board	March 25, 2022 <i>(Applicable from April 1, 2022 unless otherwise specified)</i>
