

P R HOLDINGS LIMITED

Regd. Office : R-489, GF-C, New Rajinder Nagar, New Delhi - 110060

CIN : L27310DL1983PLC314402

POLICY FOR DETERMINING MATERIAL RELATED PARTY TRANSACTIONS

Materiality of Related Party Transactions And Dealing with Related Party Transactions

(As amended and re-approved by the Board on August 11, 2022)

1. PREAMBLE

The Board of Directors (the “Board”) of ‘**P R HOLDINGS LIMITED**’ (the “Company” or “PRH”) [CIN: L27310AS1983PLC007154], acting upon the recommendation of its Audit Committee of Board of Directors (Committee”), has adopted the following policy and procedures with regard to “Related Party Transactions” for reviewing, approving and ratifying Related Party transactions by the Audit Committee and in providing disclosures with respect to the above transactions, as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and other applicable provisions, rules and regulations made thereunder.

This policy will be applicable to the Company (in compliance with the requirements of the Companies Act, 2013 and Rules made thereunder, in terms of Ind AS – 24 issued by the ICAI (Institute of Chartered Accountants of India) and any subsequent amendments thereto), in terms of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015 and any subsequent amendments thereto, and other applicable SEBI Regulations, etc., undertaken by the Company directly, if any).

This policy is to regulate Transactions between the Company and its Related Parties based on based on principles of transparency and fairness and the applicable laws and regulations on the Company.

2. POLICY OBJECTIVE

The Objective of this Policy is to ensure the proper approval and reporting of Transactions between the Company and its Related Parties and to bring uniform practices relating to Related Party Transactions covering the process, methodology, arm’s length pricing, approval mechanism, disclosures and compliance with the provisions of the Companies Act 2013 and rules framed thereunder, Listing Regulations and Accounting Standards. Hence the Company seeks to formulate a robust Policy on Related Party Transactions to deal with the identification, review and approval of Related Party Transactions.

This Policy is applicable to all Related Party Transactions entered by the Company, if any, as per the Companies Act, 2013 and the Listing Regulations.

3. APPLICABILITY

This policy shall come into force with effect from the date of its Approval from the Board and shall be applicable to transactions made between the Company and its related parties wherein “Related Party” shall mean a person or entity that is related to the Company i.e.,:-

- a) Board of Directors & their Relatives;
- b) Key Managerial Personnel (KMP) of the Company & their Relatives; and
- c) Related Parties, as defined hereinafter.

4. DEFINITION

The following expressions hereinafter wherever used shall have the meanings ascribed against each.

- (a) “Arm’s Length Basis”: RPT will be treated to be on ‘Arm’s Length Basis’ if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.
- (b) “Audit Committee” means the Audit Committee of the Company constituted by the Board of Directors under Section 177 of the Companies Act 2013 read with Regulation 18 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.
- (c) “Board” means Board of Directors of the Company.
- (d) “Company” means **P R HOLDINGS LIMITED** [CIN: L27310AS1983PLC007154]
- (e) “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and as per Companies Act, 2013.
- (f) “Key Managerial Personnel”: As defined under the provisions of the Companies Act, 2013 and any other applicable Act, Rules, Regulations and Accounting Standards, as may be amended from time to time.

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- (g) “*Material Related Party Transactions*” - 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 INR 1000 Crore or 10% of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013. Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board. Transaction involving payment made to related party with respect to brand usage or royalty, exceeding 2% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.
- (h) “*Ordinary Course of Business*” - The term ordinary course of business is not defined under the Act or the Rules thereunder. Therefore, it would depend on facts and circumstances of each case. The Company would therefore exercise judgment to conclude whether a transaction can be considered to be in the ordinary course of business. Examples of transactions that the Company would consider to be in the ordinary course of business would include but not limited to -
- The transaction is approved under its Memorandum and Articles of Association
 - The Company had entered into such transactions over the years in the past for furtherance of its business.
 - The transaction is carried out at sufficient frequency.
 - In case of activities relating to mergers, acquisitions, reconstruction etc., such transactions for organic & inorganic growth are common to the technology industry to which the Company belongs.
 - The transaction was in furtherance of the business of the Company and is consistent with its business objective of augmenting and acquiring newer capabilities
 - The transaction is undertaken on *arm’s length basis*
 - The transactions which form part of the Revenue from Operations, the costs of goods sold and the normal expenses incurred for operating the business (considering the business rationale and without any conflicted terms and conditions as compared to transactions with independent third parties).
 - A transaction proposed to be disclosed as part of other income or other expenses, exceptional or extraordinary will generally be assessed on a case to case basis as to whether they could be considered to be in the ordinary course of business.
- (i) “Policy” means *Related Party Transaction Policy*.
- (j) “Relative” - As per the provisions of Section 2(77) of the Companies Act, 2013 means-
- (i) They are members of a Hindu Undivided Family;
 - (ii) They are husband and wife; or
 - (iii) One person is related to the other as under:

a) Father	d) Step Mother	g) Son’s Wife	j) Brother
b) Step Father	e) Son	h) Daughter	k) Step Brother
c) Mother	f) Step Son	i) Daughter’s Husband	l) Step Sister
- (k) “Related Party” :
- a) As per Listing Regulations:
Related Party means a person or an entity:
 - i) which is a related party under section 2(76) of the Companies Act, 2013; or
 - ii) which is a related party under the applicable accounting standards.
 - b) As per the Companies Act, 2013:
Related Party under section 2(76) of the Companies Act, 2013 and rules made thereunder, as may be amended from time to time.
 - c) As per any other Act, Rules, Laws, Regulations and Accounting Standards: A Related Party shall have the same meaning as defined therein.
- (l) “*Related Party Transaction (RPT)*”: A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.
- (m) *Materiality*: The materiality of any RPT will be ascertained as per the thresholds prescribed under the Listing Regulations.

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5. POLICY

All Related Party Transactions, entered after implementation of this policy, must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

- a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All RPTs shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the Listing Regulation.

“Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction”.

- c) Subject to the conditions as mentioned in the Listing Regulations, the Audit Committee may grant omnibus approval at its first meeting in every financial year for RPTs which are repetitive in nature and proposed to be entered, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm’s length criterion shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore.

“The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given”.

- d) The Audit Committee or the Board shall, in respect of the RPTs covered under Section 188 of the Companies Act, 2013 referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at arm’s length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm’s length basis.
- e) The Audit Committee shall report all “Material Related Party Transactions” to the Board of Directors. Material Related Party Transactions means transactions exceeding 10% of the annual consolidated turnover as per latest audited financial statements of the company.

Notwithstanding, the RPT 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 listed entity as per the last audited financial statements of the listed entity.

“The Company will also seek approval for “material related party transactions” from unrelated shareholders’ in the subsequent general meeting of the year in which the related party transaction is undertaken.”

- f) All RPTs specified in the Act which are not Ordinary Course of Business of the Company or not at Arm’s Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval and the Related Parties interested in the contract/ arrangement shall abstain from voting on such resolution.
- g) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate, etc. the RPTs, which are not in accordance with this Policy.
- h) Any transaction that is specifically excluded from applicability of the related party provisions under the Act and / or Listing Regulations shall not require a separate approval under this policy.

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 failure of the internal control systems, and shall take any such action it deems appropriate.

6. APPROVAL

a) All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.

b) All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

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c) All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.

d) All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

e) All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations. Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

f) Board Approval : The Board shall approve RPTs, which are not in ordinary course of business and/or not at arm's length. Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval. If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

g) Shareholders' Approval : All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require approval of the Board and shareholders, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not. RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis, shall require prior approval of the Board and shareholders, respectively. Contracts/ arrangements with Company's subsidiaries and L&T Group Companies would result in RPTs. Generally, such contracts/ arrangements would be in the ordinary course of business. Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The process will be monitored by CFO continuously.

7. APPLICABILITY & AMENDMENT

Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial Officer of the Company subject to approval of Audit Committee. The Audit Committee/ Board will give suitable directions/ guidelines to implement the same. The Policy shall be reviewed by the Audit Committee and the Board every three years.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

8. REVIEW

This Policy will be reviewed as and when required but atleast once in three(3) years

9. REPORTING REQUIREMENTS

The Company shall place policy on Related Party Transactions on its website.

Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts / arrangements with the Related-parties as part of Directors' Report. Form AOC 2 prescribes the manner in which disclosure is to be made in the Director's Report and in Financial Statements – 'Notes to the Accounts' and as per applicable Accounting Standards.

The Company shall also submit within 30 days from the date of publication of its standalone and consolidated financial results 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 Exchange(s) will also disclose the details of all material related party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges as per LODR.

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10. NOTICE TO THE READER

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

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or Regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee and the Board of Directors as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Board. Any changes or modification on the policy would be approved by the Audit Committee and the Board of Directors.

11. POLICY AMENDMENT AUTHORITY

Key owners responsible for Policy amendments

Policy Owners	Role
Board of Directors	Responsible for implementation of Policy and reviewed at least once in every three years
Company Secretary	Responsible for ensuring the policy is updated

12. DISCLOSURE

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.

13. POLICY AUTHORISATION

This Policy has been re-considered, amended & re-approved by the Board of Directors of **P R HOLDINGS LIMITED** [CIN: L27310AS1983PLC007154] on 11.08.2022.

For **P R HOLDINGS LTD.**

MEENA AGGARWAL
DIRECTOR – DIN: 07153996