



**HONASA CONSUMER PRIVATE LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

**(“Policy”)**

**(Effective from December 23, 2022)**

**HONASA CONSUMER LIMITED**

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## Policy on Related Party Transactions

### Table of Contents:

1.	Purpose of this Policy.....	3
2.	Definitions.....	3
3.	Identification of Related Party and Related Party Transactions.....	5
4.	Review and approval of Related Party Transactions.....	6
5.	Dissemination .....	10
6.	Limitation and Amendment.....	10

## 1. Purpose of this Policy:

A. Section 188 of the Companies Act, 2013( the “**Act**”) and Regulation 23 of Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 (“**the Listing Regulations**”) requires listed companies to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits approved by the Board of Directors.

B. Accordingly, the Company has formulated this policy (“**Policy**”) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties (as defined below). This Policy shall come into force from the date of listing of equity shares of the Company on the stock exchanges.

C. The Board of Directors of the Company on recommendation of the Audit Committee of the Company (“**Audit Committee**”) shall review the Policy once in three years and may amend the same from time to time.

Accordingly, in compliance with the aforesaid regulations, the Board of Directors (the “**Board**”) of Honasa Consumer Limited (“**the Company**”), has adopted this Policy at its Meeting held on December 23, 2022.

## 2. Definitions:

- I. “**Act**” shall mean the Companies Act, 2013 and includes any amendment thereof.
- II. “**Annual Consolidated Turnover**” is defined as Total Income of the last audited Consolidated Financial Statements of the Company.
- III. “**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.

IV. **“Audit Committee”** means Committee of the Board of Directors of the Company constituted under provisions of the Listing Regulations.

V. **“Company”** means Honasa Consumer Limited.

VI. **“Material Modification”**

**“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.

Notwithstanding the above, in case of payment to a Related Party for brand usage or royalty the materiality threshold, in case 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.

VII. **“Ordinary course of business”** with reference to a transaction with a related party means all such acts and transactions undertaken by the Company (i) in the normal routine course of business to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company, (ii) historical practice with a pattern of frequency, (iii) common commercial practice; or (iv) meets any other parameter/ criteria as decided by the Board/ Audit Committee, from time to time. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

VIII. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder, and as per Regulation 2(1)(zd) of the Listing Regulations, each as amended.

IX. **“Related Party”** shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under

Regulation 2(1)(zb) of the Listing Regulations as may be amended from time to time.

X. **“Related Party Transaction”** shall mean all transactions as per Section 2(76) read with Section 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations as may be amended from time to time. 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 and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following:

- 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. appointment to any office or place of profit in the company;
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

*All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the Listing Regulations, as amended from time to time.*

### **3. Identification of Related Party and Related Party Transactions:**

Each Related Party will be brought to the attention of the Management of the Company and the Board/Audit Committee by the Company’s Secretarial Department at least on an annual basis.

The Secretarial Department of the Company needs to inform any change in the list of Related Parties to Functional teams i.e. Finance & Accounts teams of the Company to identify the Related Party Transactions.

The Compliance Officer of the Company is responsible for administration and compliance of this Policy.

#### **4. Review and Approval of Related Party Transactions:**

Approval of Related Party Transactions:

##### **A. Audit Committee**

Provided specifically, the transactions of the following nature will mandate prior approval by the Audit Committee:

- A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 consolidated turnover, as per the last audited financial statements of the listed entity
- related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 consolidated turnover, as per the last audited financial statements of the listed entity.

Provided prior approval of the audit committee shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is

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

**4.A.1.** All the transactions which are identified as Related Party Transactions should be pre- approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

**4.A.2.** Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.

**4.A.3.** The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

Such omnibus approval shall specify the following:

- 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.

However, in case of Related Party Transactions which cannot be foreseen and in which the conditions set out in Regulation 23(3) of the Listing Regulations are not available, the Audit Committee may grant omnibus approval provided the value does not exceed INR 1,00,00,000 per transaction.

**4.A.4.** The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

**4.A.5.** A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

#### **B. Board of Directors:**

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, or (iii) requires shareholder approval as specified in 4.C.1 below, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from



discussion and voting on the approval of the Related Party Transaction.

### **C. Shareholders:**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require prior shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

**4.C.1** The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

**4.C.2** In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical 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 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. 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, immediate discontinuation or rescission of the transaction.

#### **D. Reporting of Related Party Transactions**

**4.D.1.** Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

**4.D.2.** The details of all transactions with related parties shall be submitted on a consolidated basis, in the format specified in the relevant accounting standards, within the statutory timelines to the stock exchanges and the same shall be published on the Company's website.

**4.D.3.** The Company shall also provide details of the Material Related Party Transactions to the stock exchanges on a quarterly basis within fifteen days from the date of publication of its standalone and consolidated financial results.

#### **5. Dissemination:**

This Policy shall be appropriately communicated within the Company including by way of putting the Policy on the website of the Company.

#### **6. Limitation and Amendment:**

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any

subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

**For, HONASA CONSUMER LIMITED**

**SD/-  
VARUN ALAGH  
CHAIRPERSON**

<b>Version</b>	<b>Adopted on</b>	<b>Date of amendment</b>	<b>Approved by</b>
V.1.1	December 23, 2022	NA	Board of Directors