

GITANJALI

GITANJALI GEMS LIMITED

RELATED PARTY TRANSACTIONS POLICY

PREAMBLE

Gitanjali Gems Limited (the Company) is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company. This policy is framed as per requirement of Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

The Board of Directors (the "Board") of the Company has adopted the following policy and procedures with regard to Related Party Transactions (RPT) as defined below, in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made thereunder and any subsequent amendments thereto (the "Act") and Listing Regulations, 2015.

OBJECTIVE

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and must be approved in the manner as may be decided by the Board of Directors.

DEFINITIONS

"Act" means Companies Act 2013 as amended from time to time.

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013.

"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.

"Board" means Board of Directors of the Company

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes

(i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;

- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“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 **ten percent of the annual consolidated turnover** of the company as per the last audited financial statements of the company.

“Policy” means Related Party Transaction Policy.

“Related Party” means:

1. The persons as defined under section 2(76) of Companies Act, 2013 which is as follows:

- (i) a director or his relative ;
- (ii) a key managerial personnel or his relative ;
- (iii) a firm, in which a director, manager or his relative is a partner ;
- (iv) a private company in which a director or manager is a member or director ;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;
- (vi) any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
- (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act :

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is –

- (A) a holding, subsidiary or an associate company of such company ; or
- (B) a subsidiary of a holding company to which it is also a subsidiary ;

- (ix) Director or key managerial personnel of the holding company or his relative with reference to a company;
- (x) Such other persons as may be prescribed

2. Related Party as per applicable accounting standards

“Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter

- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

The onus will be on the Business head and the respective Finance & Accounts (F&A) head of the Independent Companies (IC) as well as Corporate Accounts to refer to CFO and Company Secretary the details of proposed transaction with related parties alongwith supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate.

Based on this note, Company Secretary will appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator. For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee of Directors of the Company shall receive timely, full and sufficient information about the transactions covered under this Policy.

In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the related parties.

Further, 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 request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

AUDIT COMMITTEE APPROVAL

All transactions with related parties whether in ordinary course of Business/arms length basis and even if no price is charged, need to be approved by the Audit Committee.

BOARD APPROVAL

The Related Party Transactions provided under section 188 of Companies Act, 2013 which are not in Ordinary Course of Business or on Arms Length Basis needs to be placed before the Board of Directors for their approval.

Further material related party transactions needs to be approved by the Board of Directors before obtaining Approval of Shareholders.

SHAREHOLDERS APPROVAL

A) Under Companies Act, 2013

The following transactions which are not in the ordinary course or on arm's length require resolution by Board & prior approval of shareholders by way of special resolution:

Where the transaction or transactions to be entered into:

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

(i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of the act;

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of the act;

(iii) leasing of property of any kind exceeding ten per cent of the net worth of the company or ten per cent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of the act;

(iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of the act;

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188 of the act; or

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth as mentioned in clause (g) of sub-section (1) of section 188 of the act.

B) Under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, if the related party transactions (whether at arm's length or not) is material then the same needs to be approved through special resolution by shareholders at General Meeting. The related parties shall abstain from voting on such resolutions.

All Related Party Transactions (whether at arm's length or not) shall require prior approval of the Audit Committee.

APPROVAL MECHANISM

The Audit Committee shall consider the following while determining approval to a RPT –

- Nature of relationship with related party;
- Nature, material terms, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction will affect the interest of the Company;
- Whether the transaction is at arm's length;
- Reason/Justification for entering into such transaction
- Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

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 matter shall be reviewed by the Committee. The Committee shall consider all of 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 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 shall take any such action it deems appropriate.

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

VOTING RIGHTS

The Related Party shall abstain from discussions in the Board Meeting where the related transaction is being discussed.

All Related Parties to abstain from voting at the General Meeting where the related transaction is placed before the members for approval

DISCLOSURE OF THIS POLICY

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The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.