



## PC JEWELLER LIMITED

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

#### 1) PREFACE

The Policy on Materiality of and Dealing with Related Party Transactions (“**Policy**”) is framed by PC Jeweller Limited (the “**Company**”) in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”). The objective of this Policy is to regulate transactions between the Company and its related parties in accordance with the Companies Act, 2013 and LODR Regulations.

#### 2) DEFINITIONS

“**Act**” means the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

“**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.

“**Audit Committee**” means a Committee of Board of Directors of the Company, constituted in accordance with provisions of the Act and Listing Regulations.

“**Board**” means Board of Directors of the Company.

“**Key Managerial Personnel (KMP)**” means the person(s) appointed by the Company as such under Section 203 of the Act and / or person(s) covered under applicable Accounting Standards.

“**Material Related Party Transaction**” means a transaction with a Related Party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, 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% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“**Material Modification**” means any subsequent modification to an existing Related Party Transaction, which shall result in an increase in the value of the transaction by 30% or more as compared to the previously approved limit.

**“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum and Articles of Association.

**“Related Party”** means a related party as defined under Regulation 2(1)(zb) of Listing Regulations.

**“Related Party Transaction”** means a transaction as defined under Regulation 2(1)(zc) of Listing Regulations and the transaction(s) as specified under Section 188(1) of the Act.

### 3) **APPROVAL PROCESS**

#### **A) APPROVAL OF AUDIT COMMITTEE**

All Related Party Transactions and subsequent material modification(s) shall require prior approval of Audit Committee of the Company. Only those members of Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

A Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

The members of Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of Audit Committee, whichever is earlier, subject to the compliance of the conditions prescribed in the Act and Listing Regulations.

Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, which are repetitive in nature, subject to compliance of the conditions prescribed in the Act and Listing Regulations.

Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is 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.

Audit Committee shall be provided with all relevant and material information on proposed Related Party Transaction, including names of the related party, nature of transaction, value, terms and duration thereof etc.

Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transaction(s) on an annual basis.

Any member of Audit Committee, who has a potential interest in any Related Party Transaction will abstain from discussion and voting on such Related Party Transaction.

#### **B) APPROVAL OF THE BOARD**

The Board will approve such Related Party Transactions as are required to be approved under the Act and/or Listing Regulations and/or transactions referred to it by Audit Committee.

Where any director of the Company is interested in any Related Party Transaction, such director will abstain from discussion and voting on such Related Party Transaction.

## **C) APPROVAL OF THE SHAREHOLDERS**

All Material Related Party Transactions and subsequent Material Modifications thereof shall require prior approval of the shareholders through resolution and no Related Party shall vote to approve such resolution whether the entity is a Related Party to the particular transaction or not.

Further, all Related Party Transactions specified under Section 188(1) of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length Basis, shall require prior approval of the shareholders, if the amount of such transactions exceeds the threshold limits specified under the said Section and no shareholder of the Company shall vote on such resolution, to approve such transaction, if such shareholder is a Related Party.

## **4) RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL**

The following transactions shall not require any approval under this Policy:

i) Transactions entered into between the Company and its wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

ii) Transactions 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.

iii) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

iv) Remuneration and sitting fees paid by the Company or its subsidiary to its Director, KMP or senior management, except who is part of promoter or promoter group, provided that the same is not Material Related Party Transaction.

v) Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings and investments etc.

vi) Transactions involving corporate restructuring, such as capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Act and / or Listing Regulations or other applicable laws.

vii) Any contribution towards corporate social responsibility activities, if approved by Corporate Social Responsibility Committee and the Board.

viii) Any transaction by the Company with its employee, who is Related Party to the Company's subsidiary, pursuant to the employment terms.

ix) Re-imbusement of expenses at actuals.

x) Any scheme of loans / advances / benefits availed by Executive Director / KMP, which is applicable to all the employees, as per the Policy of the Company.

## **5) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY**

If the Company becomes aware of any Related Party Transaction that has not been approved as per the Policy prior to its consummation, the matter shall be reviewed by Audit Committee or the Board as may be required in accordance with this Policy. Audit Committee or the Board shall

consider all relevant facts and circumstances regarding such Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of such Related Party Transaction.

**6) DISCLOSURE OF RELATED PARTY TRANSACTIONS**

The particulars of Related Party Transactions shall be disclosed in such manner and within such timelines as prescribed under Listing Regulations and / or the Act, from time to time.

The Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in Annual Report.

**7) REVIEW / UPDATION**

This Policy shall be reviewed by the Board at least once every three years or as may be prescribed under the Act and / or Listing Regulations, from time to time and updated accordingly.

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

**8) SCOPE LIMITATION**

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

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