



Since 1971

KHAZANCHI
JEWELLERS

KHAZANCHI JEWELLERS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.)

1. SCOPE AND PURPOSE

Related party transactions may involve potential or actual conflicts of interest that could adversely affect the interests of the Company and its shareholders. To ensure transparency and compliance with applicable legal requirements, Khazanchi Jewellers Limited ("the Company") has adopted this Policy on Related Party Transactions ("Policy") in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), including any amendments thereto.

As required under Regulation 23(1) of the SEBI Listing Regulations, the Company has formulated this Policy to set out the materiality thresholds and the framework for dealing with related party transactions. It also addresses the identification, review, approval, and disclosure of such transactions in a fair, transparent, and consistent manner.

This Policy applies to all transactions between the Company and its related parties, as defined under the Act and SEBI Listing Regulations. It aims to ensure that related party transactions are carried out in the best interests of the Company, with proper governance and oversight.

The Audit Committee will review this Policy periodically and recommend amendments, if any, for the Board's approval. This Policy is also aligned with the Company's internal policies, delegation of authority, and governance framework. A copy of this Policy shall be made available on the Company's website, in compliance with applicable regulatory requirements.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to establish a clear framework for:

- a) Identifying related parties and related party transactions of Khazanchi Jewellers Limited ("the Company");
- b) Determining the materiality thresholds for such transactions in line with applicable laws; and
- c) Laying down the process for reviewing, approving, and disclosing related party transactions in accordance with the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws and regulations.

3. DEFINITIONS

3.1 “Act” means the Companies Act, 2013 as amended from time to time;

3.2 “Audit Committee” shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations.

3.3 “Board of Directors” or “Board” means the collective body of the Directors of the Company, as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.

3.4 “SEBI Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

3.5 “Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest;

3.6 “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 & Articles of Association. 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;

3.7 “Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder;

3.8 “Related Party” shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

3.9 “Related Party Transaction” shall be as per Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015. Accordingly, a related party transaction is a transaction involving transfer of resources, services, or obligations between

- 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
- b. 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, 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. 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 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. retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:

3.10 “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 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. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.11 “Material Modifications” “in a related party transaction” means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

3.12 “Key Managerial Personnel” or “KMP” shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.

3.13 “Industry Standards” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

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

4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction (“RPT”) exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the related parties (“RPs”) of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP’s can cast only negative vote to reject the resolution seeking approval of material RPT(s)).

Khazanchi Jewellers Limited has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party – lower of Rs. 1,000 crore or 10% of the consolidated annual turnover of the Company as per its last audited consolidated financial statements.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

5.1 Identification of Related Parties

The Company has established guidelines for identifying and updating the list of related parties in accordance with Section 2(76) of the Companies Act, 2013, along with the applicable Rules, and Regulation 2(1)(zb) of the SEBI Listing Regulations.

5.2 Identification of Related Party Transactions

The Company has established guidelines for identifying related party transactions in compliance with Section 188 read with Section 177 of the Companies Act, 2013, and Regulation 2(1)(zc) of the SEBI Listing Regulations. Additionally, the Company has developed guidelines to assess whether a transaction is conducted in the ordinary course of business and on an arm’s length basis. If necessary, the Company will seek external expert opinions to ensure compliance.

Once related party transactions are identified, the Management will categorize them according to industry standards and present the relevant disclosures to the Audit Committee for approval under the following categories:

- a. Material Related Party Transactions
- b. Other Related Party Transactions involving promoters, the promoter group, or entities in which the promoter or promoter group has a concern or interest
- c. Residual Related Party Transactions

5.3 Procedure for approval of Related Party Transactions

5.3.1 Approval of Audit Committee of the Board

Prior approval of the Audit Committee shall be required for:

- 1. All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
- 2. RPTs where subsidiary is a party but the Company is not a party and the transaction amount exceeds the threshold of:
 - i. 10% of the consolidated turnover of the Company w.e.f. April 1, 2022
 - ii. 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Prior approval of the Audit Committee shall not be required for:

- i. Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

- iv. 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.
- v. remuneration and sitting fees paid by Khazanchi Jewellers or its subsidiaries to its directors, key managerial personnel's or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavorable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards. The following details/information shall be provided to the Audit Committee for entering into Related Party Transaction(s):

- a. Type, material terms and particulars of the proposed transaction, contract, or arrangement.
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise).
- c. Nature and Tenure of the proposed transaction (particular tenure shall be specified).
- d. Value, maximum amount and any advance paid or received of the proposed transaction, contract, or arrangement.
- e. Manner of determining the pricing (indicative base price / current contracted price and the formula for variation in the price, if any) and other commercial terms, both included as part of contract and not considered as part of the contract.
- f. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided).
- g. If the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the listed entity or its subsidiary:
 - (i) details of the source of funds in connection with the proposed transaction.

(ii) where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances, or investments,

- nature of indebtedness
- cost of funds; and
- tenure.

(iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

h. Justification as to why the RPT is in the interest of the listed entity.

i. A copy of the valuation or other external party report, if any such report has been relied upon.

j. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.

k. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

l. Any other information that may be relevant

However, the Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliances with the conditions prescribed in paras 1 to 10 below.

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:

- i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
- ii. The maximum value per transaction which can be allowed;
- iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- iv. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
- v. transactions which cannot be subject to the omnibus approval by the Audit Committee.

2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:

- i. repetitiveness of the transactions (in past or in future);
- ii. justification for the need of omnibus approval.

3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

4. The omnibus approval shall provide details of

- (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year;
- (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any,
- (iii) minimum information about the RPTs as per the provisions of the Industry Standards and
- (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions 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 crore per transaction.

5. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company pursuant to the omnibus approval given;

6. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.

7. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

8. Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.

9. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- Transactions which are not at arm's length or not in the ordinary course of business;
- ❖ Transactions which are not repetitive in nature;
- Transactions exceeding materiality thresholds as laid down in the Policy

- Transactions in respect of selling or disposing of the undertaking of the company
- ❖ Certain Financial Transactions such as Loans or advances to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties, unless they are in the ordinary course of business, on an arm's length basis, and repetitive in nature.
- Any other transaction as the Audit Committee may deem not fit for omnibus approval

10. Any other conditions as the Audit Committee may deem fit.

5.3.2 Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval. As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

5.3.3 Approval of Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution of material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which

- (a) are not at Arm's Length or not in the ordinary course of business; and
- (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014

are placed before the shareholders for its approval.

6. DISCLOSURES

The Company is required to disclose this Policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report of the Company. The Annual Report of the Company shall also contain the disclosures on related parties as required under the Listing Regulations.

Details of all Material RPTs shall be disclosed quarterly, in accordance with the Listing Regulations as amended from time to time.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

8. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

9. AMENDMENT

If the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy until this Policy is changed to conform to the law, rule, regulation or standard.