

# **PALM JEWELS LIMITED**

CIN No.: L36910GJ2005PLC046809

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

### **1. INTRODUCTION**

The Board of Directors (“Board”) of **PALM JEWELS LIMITED** (“Company”) has adopted this Policy (“Policy”) upon the recommendation of the Audit Committee and the said Policy includes materiality threshold of Related Party Transactions and dealing with Related Party Transactions.

This Policy has been formulated in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) read with the provisions of Section 177 and 188 of the Companies Act, 2013 (“the Act”) & relevant rules made thereunder as amended from time to time to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

### **2. POLICY OBJECTIVE**

To lay down thresholds for determining materiality of the Related Party Transactions, material modifications to Related Party Transactions and to lay down principles for dealing in Related Party Transactions in the Company to ensure that conflict of interest is avoided and the Related Party Transactions are entered into keeping in mind the best interest of the Company and its stakeholders..



### 3. DEFINITIONS

- a. **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Act and the Listing Regulations.
- b. **“Board of Directors”** means the “Board of Directors” of **PALM JEWELS LIMITED**.
- c. **“Company”** means **PALM JEWELS LIMITED**.
- d. **“Key Managerial Personnel”** means “Key Managerial Personnel” as defined under the Companies Act, 2013 and the rules made there under.
- e. **“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.
- f. **“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.
- g. **“Policy”** means policy on materiality of Related Party Transactions and dealing with related party transactions.
- h. **Related Party** means a related party as defined under the Act or rules made there under and the Listing Regulations.
- i. **“Related Party Transaction”** means such transactions as specified under Section 188 of the Act or rules made there under and Regulation 2(zc) & 23 of the Listing Regulations including any amendment or modification thereof, as may be applicable.
- j. **“Relative”** means a relative as defined under the Act and the Listing Regulations.
- k. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

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#### **4. MATERIALITY OF RELATED PARTY TRANSACTIONS**

- a. a transaction, except transaction covered under clause 'b' below, 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- b. 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- c. The thresholds mentioned in clauses 'a' and 'b' above shall always be in line with the thresholds prescribed under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") as may be amended from time to time. In case of any difference between the thresholds under this policy and the SEBI LODR, the thresholds under SEBI LODR shall prevail.

#### **5. MATERIAL MODIFICATION TO RELATED PARTY TRANSACTIONS**

Any modification to a Related Party Transaction approved by the Audit Committee and/or the Shareholders having a variation of 20% or more of the value of transaction approved earlier.

#### **6. DEALING WITH RELATED PARTY TRANSACTIONS**

- a) All Related Party Transactions shall be in compliance with the applicable provisions under the Companies Act, 2013 and SEBI LODR as may be amended from time to time.
  - b) The Corporate Governance and Ethics Committee<sup>1</sup> shall thoroughly review, approve and recommend the related party transactions to the audit Committee / Board of Directors as per the terms of reference as may be defined by the Board of Directors from time to time.
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- c) While reviewing the transactions, the Corporate Governance and Ethics Committee and the Audit Committee shall ensure that;  
☐ The transaction is in the best interest of the Company.  
☐ The conflict of interest is avoided and the transactions are carried out on arm's length basis. For determination that the transactions are at arm's length basis, the Committees may rely on reports / certificates of the independent subject matter experts as it may deem necessary.
- d) The Corporate Governance and Ethics Committee to review and evaluate the Related Party Transactions as core and non-core transaction based on its relevance to the business of the Company. Omnibus approvals shall be granted for the core transactions and also for specific non-core transactions that are integral to the operations of the Company.
- e) The Audit Committee may waive off any of the requirements under this policy subject to the adherence to Clause 4 (a) above.

## **7.POLICY REVIEW**

The policy shall be reviewed periodically as required under SEBI LODR or as and when required keeping in view the changes in the regulatory requirements whichever is earlier.

