POLICY ON RELATED PARTY TRANSACTIONS
of
INTERNATIONAL GEMMOLOGICAL INSTITUTE (INDIA) LIMITED
(formerly known as International Gemmological Institute (India) Private Limited)

CIN: U74999MH1999PLC118476
Registered Office: 702, 7th Floor, The Capital, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.
Email: Investor.relations@igi.org | **Tel. No.:** 022-40352550
Website: www.igi.org

Version	Effective Date	Description
V1	Listing date	Adopted at the Board Meeting held on August 02, 2024

POLICY ON RELATED PARTY TRANSACTIONS

Pursuant to Section 188 of the Companies Act, 2013 read with Rules and Regulations framed thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. INTRODUCTION

International Gemmological Institute (India) Limited (formerly known as International Gemmological Institute (India) Private Limited) **("Company**") recognizes that Related Party Transactions (*as defined hereinafter*) can present potential or actual conflicts of interest and may raise questions whether such transactions are in the best interest of the Company and its stakeholders. Therefore, this policy on Related Party Transactions ("**Policy**") regarding the review and approval of Related Party Transactions (*as defined hereinafter*) and the guidelines on materiality of such Related Party Transactions (*as defined hereinafter*) has been adopted by the Company in order to transparently set forth the procedures under which certain transactions with Related Parties (*as defined hereinafter*) must be approved. This Policy shall come into effect on the Effective Date.

2. DEFINITIONS

i. **"Act"** means the Companies Act, 2013, including any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent notified, and the Companies Act, 1956 any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent applicable and in force.

ii. **"Arm's Length Transaction"** means a transaction between 2 (two) related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

iii. **"Audit Committee"** means Audit Committee constituted by the Board of Directors of the Company under the provisions of the SEBI Listing Regulations and the Act, from time to time.

iv. **"Board of Directors"** or **"Board"** means the Board of Directors of the Company, means a collective body of the directors of the Company.

v. "**Company"** means International Gemmological Institute (India) Limited (formerly known as International Gemmological Institute (India) Private Limited).

vi. "**Effective Date**" means the date of listing and commencement of trading of the equity shares of the Company on the stock exchanges.

vii. "**Financial Year"** means the period beginning from January 1 and ending on December 31 of the calendar year.

viii. "**Independent Director"** means an independent director referred to in Section 149(6) of the Act and regulation 16(1)(b) of the SEBI Listing Regulations.

ix. **"SEBI Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended and modified from time to time.

x. **“Material Modification”** to any Related Party Transaction shall mean any change (increase or decrease in the consideration for such transaction, taken individually or together with such Related Party in the Financial Year) in such transaction amounting to 10% or more of the consolidated turnover of the Company

xi. **“Material Related Party Transactions**” shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations.

xii. **“Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:
(a) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
(b) historical practice with a pattern of frequency;
(c) common commercial practice; or
(d) meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time.

xiii. **“Policy”** means this policy, as amended from time to time.

xiv. **“Related Party”,** with reference to the Company, shall have the meaning defined in section 2(76) of the Act, SEBI Listing Regulations or under applicable accounting standards, each as amended.

xv. **“Transaction”** in relation to a Related Party means the contract or arrangement with the Related Party and shall include, where required, any transaction thereunder with a Related Party in that Financial Year, whether entered into individually or not.

3. Interpretation

3.1. Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.

3.2. In case of any dispute or difference upon the meaning / interpretation of any word or provision in the Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

4. Procedure

4.1. **Disclosure by Directors**

4.1.1 Every director shall at the beginning of the Financial Year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

4.1.2 Directors are also required to provide the information regarding their engagement with other entity during the Financial Year which may be regarded as related party according to this Policy.

4.2. **Identification of Transaction with Related Parties**

4.2.1 Each director, KMP and SMP is responsible for providing notice to the Company 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. Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.

4.2.2 Each director, KMP and SMP shall make an annual declaration as per the provisions of the Companies Act and the rules framed thereof with respect to Related Party transactions to the Company in the last month ending before the Financial Year and this declaration shall be placed before the Audit Committee and the Board at their first meeting held at the succeeding Financial Year.

4.2.3 Any change in the list of Relatives shall be intimated by the Directors and KMPs/SMPs by way of a fresh declaration to the Company.

5. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

5.1. **Approval by Audit Committee**

5.1.1. All Related Party Transactions and subsequent Material Modifications to such Related Party Transactions, shall require prior approval of the Audit Committee. Provided that only those members of the audit committee, who are Independent Directors, shall approve such Related Party Transactions.

5.1.2. Related party transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

5.1.3. 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 the Audit Committee 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 standalone turnover, as per the last audited financial statements of the subsidiary.

5.1.4. The Audit Committee may grant omnibus approval to Related Party Transactions (subject to fulfilment of criteria for granting omnibus approval as specified in the Policy) and such approval shall equally be applicable to transactions thereunder which are repetitive in nature.

5.1.5. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

5.1.6. The Audit Committee shall consider the following factors while deliberating the related party transactions for its approval:

i. Name of party and details explaining nature of relationship;

ii. Duration of the contract and particulars of the contract and arrangement;

iii. Nature of transaction and material terms thereof including the value, if any

iv. Manner of determining the pricing to ascertain whether the same is on arm's length;

v. Business rationale for entering into such transaction; and

vi. Any other information relevant or important for the Board to take a decision on the proposed transaction.

5.1.7. In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

ii. Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

iii. Whether the Related Party Transaction would affect the independence of an Independent Director;

iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

v. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and

vi. Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant.

5.1.8. Such omnibus approval shall provide for the following details: (i) the name/s of the Related Party and nature of the relationship; (ii) the nature, duration, material terms and other particulars of the Transaction and the maximum amount of the Transaction that can be entered into; (iii) the indicative base price/current contracted price and the formula for variation in the price if any; and (iv) any such other information/conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval subject to the value of such transaction not exceeding INR 1,00,00,000/- (Indian Rupees One Crore only) per Transaction.

5.1.9. The Audit Committee shall review, at least once every quarter, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by the Audit Committee; and

5.1.10. Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1 (one) year.

5.2. **Approval by Board of Directors**

5.2.1 Approval of the Board shall be required for entering into the Related Party Transactions which are not in the ordinary course of business or not an Arm's Length Transaction, whether or not it is a material Related Party Transaction.

5.2.2 Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.3. **Shareholder approval**

5.3.1 All Material Related Party Transactions and subsequent material modifications as defined by the audit committee shall require the approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5.3.2 Approval of the shareholders shall be required for entering into the Related Party Transactions which are either not in the ordinary course of business or not on arms' length and exceeding the limits prescribed under Section 188 of the Act read with the rules framed thereunder and the circulars/notifications, etc. issued by the Ministry of Corporate Affairs, from time to time. In case of material party transactions, the related party shall abstain from voting on such resolutions.

5.3.3 However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company, and transactions entered into between two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5.4. **Process for Dealing with Related Party Transactions**

5.4.1. A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.

5.4.2. Basis the aforesaid list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

5.4.3. The contract / arrangement shall not be entered into without the necessary approval from the Audit Committee / Board / shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

5.5. In the event a Related Party Transaction is covered by applicable provisions of the Act, the Company shall comply with such other provisions including requirements as prescribed under the SEBI Listing Regulations.

6. Reporting of Related Party Transactions

6.1. Every contract or arrangement, which is required to be approved by the Board / 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.

6.2. The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.

6.3. 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 of the Company.

6.4. The Company shall submit along with publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website. Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

7. POLICY REVIEW

7.1. This Policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment / modification in the Act or the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

8. Communication of this Policy

8.1. This Policy shall be posted on the website of the Company at www.igi.org.
