

RELATED PARTY TRANSACTIONS POLICY

Preamble

The Board of Directors (the “Board”) of Celebrity Fashions Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

Scope of the Policy

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“SEBI LODR”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

Definitions

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Audit Committee**” means Committee of the Board of Directors of the Company constituted under the provisions of the Act and SEBI LODR.

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

“**Company**” means Celebrity Fashions Limited.

“**Material Modification**” means any significant impact on the nature, value, tenure, exposure or likely financial impact of such modification, as may be determined by the Audit Committee, from time to time. It excludes (a) change in the quantity or rate of the existing Related Party Transaction due to the reasons beyond the control of Related Parties, such as, variation due to volatility in international crude / product prices or external factors resulting in fluctuating patterns of demand and supply levels for petroleum products; (b) change due to revision / imposition of statutory levies like taxes, duties, etc.

“Material Related Party Transaction” means any Related Party Transaction exceeding the limits set out under SEBI LODR, and as may be amended from time to time.

“Omnibus Approval” means a consolidated/standing approval given by the Audit Committee in respect of transaction(s) which are repetitive in nature.

“Ordinary Course of Business” may include the usual transactions, customs and practices of the company, or transactions permitted by the Object Clause in the Memorandum of Association of the Company.

“Policy” means Related Party Transaction Policy.

“Related Party” shall have the meaning ascribed to the term in the Act and SEBI LODR as may be amended or replaced from time to time.

“Related Party Transaction” shall have the meaning ascribed to the term in SEBI LODR as may be amended or replaced from time to time and includes transactions listed as related party transaction under the Act

“SEBI” shall mean the Securities and Exchange Board of India

“Transaction” with related party shall be construed to include a single transaction or a group of transactions.

Unless otherwise defined herein, each capitalized term herein shall have the meaning ascribed to it in the Applicable Law.

A. KEY PRINCIPLES

Material thresholds for Related Party Transactions

In accordance with SEBI LODR, the Company has formulated this Policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board.

Arms’ Length Pricing

The Arm’s Length principle requires the transaction with a Related Party to be made at similar terms and price under comparable conditions and circumstances as a transaction with an unrelated party.

Further, at all times, the Company shall endeavor to ensure that all the transactions entered or proposed to be entered into by and between the Company and any of its Related Parties are always at Arms’ Length unless specifically approved by the Board of Directors.

Ascertaining and Identification of Related party

- I. Every Director and Key Managerial Personnel (KMP) shall at the first meeting of the Board in which he/she participates as a Director or KMP and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding in **Form MBP-1**. The KMPs shall also provide the list of Relatives who are regarded as Related Party as per this Policy.

The Company Secretary based upon declaration in **Form MBP-1** and such other available information, shall identify all Related Parties.

The Chief Financial Officer and the Company Secretary of the Company shall be responsible for identifying Related Party (ies) as per applicable Accounting Standards and reporting details of such Related Party (ies).

- II. Each Director and KMP is responsible for disclosing (and periodically updating) particulars of his/her relatives and his/her interest in any other entity either as Director and/or Member and/or Partner. Additionally, the Director and KMP shall, from time to time, provide notice to the Board 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.
- III. Every Senior Management Personnel is responsible to disclose to the Audit Committee all material, financial and commercial transactions with Related Parties, where they have personal interest that may have a potential conflict with the interest of the Company at large.

B. Review and approval of Related Party Transactions by the Audit Committee

- I. Except otherwise provided hereunder, (i) all Related Party Transactions and (ii) any Material Modifications of any Related Party Transaction thereafter must be referred for prior approval by the Audit Committee of the Company in accordance with this Policy unless the approval is exempted pursuant to the provisions of Applicable law.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve the Related Party Transactions.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

Related Party Transactions of the Subsidiary Company

- II. Where the Company is not a party to a Related Party Transaction but the subsidiary of the Company is a party to such Related Party Transaction, prior approval of the Audit Committee of the Company shall be required where
 - such Related Party Transaction is entered by the Subsidiary Company after April 1, 2022 and the value of transaction exceeds 10% (ten per cent) of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.
 - such Related Party Transaction is entered by the Subsidiary Company after April 1, 2023 and the value of transaction exceeds 10% (ten percent) of the annual standalone turnover of the subsidiary, as per the last audited financial statements of the subsidiary.
- III. 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. Name of the Director or KMP, who is related, if any;
 - iii. Nature of transaction and material terms thereof including the value, if any and particulars of contract or arrangement;
 - iv. Business rationale for entering into such transaction and potential benefits therefrom;
 - v. Fair and on arm's length basis
 - vi. Whether the Related Party Transaction would affect the independence of an independent Director;
 - vii. Any potential reputational risk issues that may arise as a result of, or in connection, with the proposed transaction;
 - viii. Whether the Related Party Transaction would present an improper conflict of interest for any Director/KMP of the Company, taking into account the size of the transaction, the benefits arising therefrom to the Company or Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Audit Committee deem relevant; and
 - ix. Any other information relevant or important for the Audit Committee to take a decision on the proposed resolution.

- IV. Before approving any transaction with any Related Party, the Audit Committee shall ensure that the Chief Financial Officer has certified that the existing/proposed transaction(s) are on arms' length basis and in ordinary course of business and that all the necessary information/ documents were available as per the prevailing Company policy.
- V. The Audit Committee shall not approve any Related Party Transactions which are not at Arms' Length and shall recommend such transactions, if any, to the Board for appropriate action.
- VI. The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case chooses to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
- VII. The 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 contained in SEBI LODR and the Act. The Audit Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company. Such approval(s), once granted shall be valid for a period of one year and transactions done under such approval shall be placed before the Audit Committee at quarterly intervals.
- VIII. In case the need for Related Party Transaction cannot be foreseen and such details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction. Such approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

By the Board of Directors

- i. All Related Party Transactions, covered under Section 188, which are not on Arms' Length basis and not in the Ordinary course of Business;
- ii. All such transaction for which the Audit Committee determines that a Related Party Transaction should be brought before the Board; and
- iii. All such transaction which the Board chooses to review or it is mandatory under any law for Board to approve the Related Party Transaction;

The Directors interested shall, in accordance with Section 184 of Act, abstain from participation in the discussion.

By the Shareholders

All (i) Material Related Party Transactions, and (ii) Material Modifications to any Material Related Party Transaction shall require prior approval of shareholders.

All the entities falling under the definition of Related Parties, irrespective of whether the entity is a party to the particular transaction or not, shall abstain from voting to approve such Material Related Party Transactions or any Material Modification thereto.

All the Related Party Transactions, not in the ordinary course of business and not on arm's length basis, exceeding the limits set out under the Act, but does not come under the category of Material Related Party Transaction, shall also require prior approval of Shareholders, provided the entity or person which is a related party to such transaction shall not vote to approve such transaction.

Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

C. Transactions which do not require approval

Notwithstanding the abovementioned, the following Related Party Transactions shall not entail any approval:

- i. Transactions between the holding company and its wholly owned subsidiary whose accounts are consolidated and placed before the shareholders at General Meeting for approval
- ii. 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;
- iii. the following corporate actions by the Company which are uniformly applicable / offered to all shareholders in proportion to their shareholding:
 - a. payment of dividend
 - b. subdivision or consolidation of securities
 - c. issuance of securities by way of a rights issue or a bonus issue; and
 - d. buy-back of securities
- iv. Facilities available or transaction entered into by the Company with all employees in general.
- v. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval from the Audit Committee.

D. Reporting & Disclosures

- I. The Company Secretary and the Chief Financial Officer shall place the summary of all Related Party Transactions before the Audit Committee during the meetings to be held for review / consideration/approval of quarterly/half yearly/annual financials.
- II. The Company shall comply with all the reporting and disclosure requirements as may be prescribed from time to time in terms of Applicable Laws including the Act and SEBILODR.
- III. The Company shall submit to the Stock Exchanges disclosures of Related Party Transactions in the format as specified by SEBI from time to time, and publish the same on its website. The Company shall (i) with effect from April 01, 2022 till 31st March, 2023, make such disclosures every 6 (six) months within 15 (fifteen) days from the date of publication of its standalone and consolidated financial results and
(ii) with effect from April 01, 2023, to make such disclosures every 6 (six) months on the date of publication of its standalone and consolidated financial results.

E. DOCUMENTATION AND DATABASE MAINTENANCE

- I. The Company shall maintain a register, physically or electronically, giving separately the particulars of all contracts or arrangements to which this policy applies and such register shall be placed for signing/taken note of before the meeting of the Board of Directors.
- II. The Company shall maintain such register at the Corporate Office of the Company and provide extracts from such register to a member of the Company on his request, as per the applicable provisions of the Act.
- III. Such register shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuation of the meeting to any person having the right to attend the meeting.
- IV. Such register shall be preserved permanently and shall be kept in the custody of the Company Secretary.

F. Policy Review and Amendment

The adequacy of this Policy shall be reviewed and reassessed by the Board of the Company once in every three years and appropriate recommendations shall be made to the Board to update the Policy accordingly.

Any or all provisions of this Policy would be subject to the revision / amendment in accordance with the Applicable Law, Rules, Regulations, Notifications, etc., on the subject as may be issued by relevant statutory authorities, from time to time. In case of Applicable Law or any amendments, clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such Applicable Law, amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such Applicable Law, amendment(s), clarification(s), circular(s), etc.