
Credo Brands Marketing Limited

**Policy on materiality of and dealing with
Related Party Transactions**

PREAMBLE

The Board of Directors of Credo Brands Marketing Limited (the “Company”), has adopted the Policy on materiality of and dealing with Related Party Transactions (the “Policy”) at its meeting held on June 26, 2023 upon the recommendation of the Audit Committee.

OBJECTIVE

The objective of this Policy is to ensure that the Related Party transaction(s) (as defined below) are based on the principles of transparency and at arm’s length. The Policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transaction(s) involving such related parties.

The Policy is framed considering the requirements of setting out (a) the materiality thresholds for related party transaction(s); and (b) the manner of dealing with the Related Party Transaction(s) based on the Companies Act, 2013 (the “Act”) read with the Rules framed there under, applicable Accounting Standards prescribed under the Act (“**Accounting Standards**”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“**SEBI LODR Regulations**”) and any other laws and regulations as may be applicable to the Company, for the time being in force.

1. DEFINITIONS

- a) “**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.
- b) “**Audit Committee**” shall mean the Audit Committee of the Board constituted from time to time in accordance with the applicable provisions of the Act and SEBI LODR Regulations.
- c) “**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. 100 Crore** or 10% (ten percent) 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% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- d) **“Material Modification”** means any change in the approved terms which has a financial implication of 25% or more of the contract or Rs 25.00 crores, whichever is lower.
- e) **“Key Managerial Personnel(s)”** or **“KMP”** shall have the meaning as defined under the Act or referred under the SEBI LODR Regulations and applicable Accounting Standards, as the case may be.
- f) **“Related Party”** shall have the meaning as defined in Section 2(76) of the Act or applicable Accounting Standards and Regulation 2(1)(zb) of the SEBI LODR Regulations.
- g) **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:
 - (i) the Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
 - (ii) the Company 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 Company or any of its subsidiaries; regardless of whether a price is charged and a "transaction" with a Related Party shall be construed to include a 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 of the Company 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 by the Company 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.
- h) **“Relative”** shall have the meaning as defined under sub-section (77) of section 2 of the Act.
- i) **“Specified Limit”** as specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, for the purpose of first proviso to sub-section (1) of section 188 of the Act.
- j) **“Specified Securities”** means ‘equity shares’ and ‘convertible securities’ as defined under clause (eee) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- 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, SEBI LODR Regulations or any other applicable law or regulations.

2. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS

- a) Every Promoter(s) or any person or entity forming a part of Promoter or Promoter group of the Company or Director or KMP is responsible for providing notice to the Company Secretary of his/her relatives and their respective interest in other entities which could result in such relative/entity becoming a Related Party. Any change in such information shall also be forthwith provided by such Promoter /Director and KMP.
- b) Company Secretary shall, based on information received from each Promoter, Promoter group, Director and KMP, identify and prepare a list of Related Parties for a given period under the provisions of the Act and applicable Accounting Standards.

- c) Head-Accounts shall make necessary flagging of such Related Parties in the accounting system to ensure availability of required approvals for Related Party Transactions.
- d) Each Promoter / Director / KMP and Head-Accounts shall be responsible for providing notice to the Company Secretary of any proposed Related Party Transactions. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.
- e) The Company strongly prefers to receive such notice of any proposed Related Party Transactions well in advance so that the Company Secretary has adequate time to review information about the proposed transactions and to seek requisite approval of the Audit Committee and/or the Board and/or shareholders of the Company, as the case may be.
- f) In addition, the Company Secretary may require periodical update of the information from Promoters, Promoter Group, Directors and KMP for identification of Related Parties.
- g) The Company Secretary shall maintain records of all Related Parties based on the notice / declaration received from Promoters, Promoter Group, Directors/KMP including Group entities and share the same with Head-Accounts and Chief Financial Officer on a quarterly basis to monitor the transactions with them.
- h) Any proposed Related Party Transactions that are brought to the attention of Head Accounts or Chief Financial Officer shall be analysed, in consultation with Management of the Company and/or with an external consultant, as appropriate. The Board shall record the disclosure of interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transactions requiring compliance with this Policy.

3. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions and subsequent Modification(s) shall be subject to the prior approval of the Audit Committee of the Company whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.

Only those Members of the 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 the 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

For Related Party Transactions of unlisted subsidiaries of a Listed Subsidiary of the Company as referred above, the prior approval of the Audit Committee of the Listed Subsidiary shall suffice.

Transactions exempted from prior approval of the Audit Committee and Shareholders

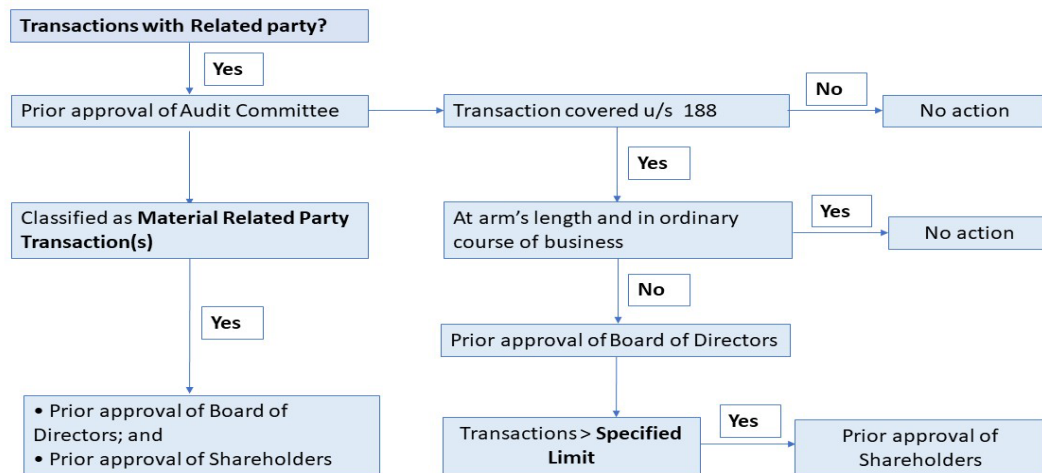
As provided in the SEBI LODR Regulations, the transactions entered into between:

- (i) the holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- (ii) 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.

If any member of the Audit Committee or Board is interested in any Related Party Transaction, such director will not remain present at the meeting when such Related Party Transaction is being considered.

All material related party transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of the Shareholders through resolution and no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

The framework for approval is given below:



4. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH

The Audit Committee or the Board shall, after considering the information placed before the Audit Committee or Board (wherever required), judge whether the related party transaction referred to it, is in the ordinary course of business and at arm's length basis.

If required, the Audit Committee or Board may seek advice of external consultants whether particular transaction is in the ordinary course of business and arms' length basis or otherwise.

5. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS

The Audit Committee may grant omnibus approval for Related Party Transaction(s) proposed to be entered into by the Company subject to the following conditions, namely:

- (a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;

- (c) the omnibus approval shall specify the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, the indicative base price / current contracted price and the formula for variation in the price if any; and such other 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, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 Crore (Rupees One Crore) per transaction.

- (d) the Audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- (f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

6. RELATED PARTY TRANSACTIONS NOT APPROVED PRIOR TO ITS CONSUMMATION

In the event the Company becomes aware of a proposed Related Party Transactions, prior to its consummation, it would obtain prior approval from the Audit Committee/ Board/ shareholders, wherever applicable.

In case prior approval from the Audit Committee/Board is not obtained for any Related Party Transaction(s), such transaction may be brought subsequently to the Audit Committee after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy.

The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction(s) brought to its notice and shall evaluate all options available to the Company including ratification, revision or termination of such Related Party Transaction(s). In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been entered without prior approval, the Audit Committee may direct additional actions including but not limited to, immediate discontinuation or rescission of transaction.

In case, where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by shareholders by way of a resolution in the general meeting, wherever applicable and if it is not ratified by the Board or, as the case may be, by the shareholders within 3 (three) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

7. DISCLOSURE

The Policy shall be disseminated to all concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

The Company shall submit to the stock exchange(s) disclosures of Related Party Transactions in the format and timeframe(s) as specified by the SEBI, from time to time and the same will be published on website.

All Significant Related Party Transaction(s) or not at arm's length basis and/ or ordinary course of business are to be referred to in Board's Report along with justification for entering into such Related Party Transaction(s), in terms of the Act.

8. POLICY REVIEW / AMENDMENTS

The Policy shall be reviewed by the Audit Committee periodically. Any revision or modification to the Policy, if any, shall be considered and approved by the Board based on the recommendations of the Audit Committee. The Board shall review the Policy at least once in every three years.

In the event of any conflict between the provisions of this Policy and provisions of the SEBI LODR Regulations or the Act and Rules framed thereunder or any other applicable laws for the time being in force, the later shall prevail over the Policy.
