



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

(Modified w.r.t. the Sixth Amendment to the SEBI LODR Regulations dated 9th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021 – shall be effective from April 1, 2022 unless otherwise specified).

This Policy for Consideration and Approval of Related Party Transactions was adopted by the Board of Directors of Capacit'e Infraprojects Limited on March 8, 2017 and is applicable from the date of listing of Company's equity shares on Stock exchange(s), further amended and approved by the Board of Directors at its meeting held on February 10, 2020 and further amended and approved by the Board of Directors at its meeting held on November 10, 2022 on the recommendation of Audit Committee.

1. PREAMBLE

Capacit'e Infraprojects Limited (hereinafter referred "the Company") recognises that transactions between the Company and one or more of its Related Parties (more particularly referred to as "Related Party Transactions" and defined hereinafter) present a risk of actual or potential conflicts of interest.

With a view to ensure that the Related Party Transactions are in the best interest of the Company and its shareholders, the Board of Directors (the "Board") of the Company has adopted this Policy on Related Party Transactions (the / this "Policy") in line with the requirements of Companies Act, 2013 ("the Act") and Regulation 23 of Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

1.1 About the Company

The Company was incorporated on August 9, 2012. The Company is engaged in business of construction and infrastructure development.

1.2 Objective of the Policy

The Board of the Company, after considering the recommendation of the Audit Committee, has adopted this amended Policy and associated procedures with regard to the review, approval and reporting of Related Party Transactions. The Audit Committee may review and amend this Policy, from time to time, subject to approval of the Board of Directors. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.





The objective of this Policy is to:

- a) ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties in accordance with the Applicable Law.
- b) set out the materiality thresholds for related party transactions & subsequent modifications thereof and
- c) the manner of approval of related party transactions pursuant to the provisions of the Act, SEBI (LODR) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

2. DEFINITIONS

2.1 Applicable Law

“**Applicable Law**” means the Companies Act, 2013 (“the Act”) and the Rules prescribed thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

2.2 Arm’s Length Basis:

“**Arm’s Length Basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.

2.3 Associate

“**Associate**” means a company as defined under section 2(6) of the Act, and Indian Accounting Standard (Ind - AS) 28, “Investments in Associates”.

2.4 Audit Committee

“**Audit Committee**” means the Audit Committee of the Board which as on date complies with the provisions of Section 177 of the Act read with applicable Rules and Regulation 18 of SEBI Listing Regulations.

2.5 Body Corporate

“**Body Corporate**” means an entity as defined in Section 2(11) of the Act.

2.6 Director

“**Director**” means a person as defined in Section 2(34) of the Act.





2.7 Key Managerial Personnel

“**Key Managerial Personnel**” mean the officers of the Company as defined in Section 2(51) of the Act and Rules prescribed thereunder.

2.8 Employees

“**Employees**” mean the employees and office-bearers of the Company, including but not limited to Whole-Time Directors.

2.9 Ordinary Course of Business

“**Ordinary Course of Business**” means all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the Ordinary Course Business.

2.10 Material Related Party Transactions

“**Material Related Party Transactions**” 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 rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. However, 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.

2.11 Material Modifications of Related Party Transactions

“**Material Modifications of Related Party Transaction**” in relation to the Company means and include any modification to an existing related party transaction having variance of 10% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

2.12 Relative

“**Relative**” shall have the meaning assigned to it in Section 2(77) of the Act and the Rules prescribed thereunder.

2.13 Related Party

“**Related Party**” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, and Regulation 2(1)(zb) of the SEBI Listing Regulations.

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2.14 Related Party Transactions

“**Related Party Transactions**” means such transactions directly or indirectly involving any Related Party as specified under Section 2(76) read with Section 188 of the Act, or Rules prescribed thereunder and 2(1)(zc) of the SEBI Listing Regulations including any amendment or modification thereof, as may be applicable. Related Party Transaction shall be construed to include a single transaction or a group of transactions in a contract.

2.15 Senior Management

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board comprising all members of management one level below the chief executive officer / managing director / whole time director / manager (including chief executive officer / manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

2.16 Subsidiary

“**Subsidiary**” means a company as defined in Section 2(87) of the Act read with relevant Rules prescribed thereunder.

2.17 Policy

“**Policy**” means Related Party Transaction Policy

2.18 Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other Applicable Law or Regulation in force.

3. GUIDING PRINCIPLES FOR REVIEW OF RELATED PARTY TRANSACTIONS

3.1 Overall

To review a Related Party Transaction, the Board or Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the purpose and potential benefits to the Company of the transaction and any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction, as may be considered material by the Audit Committee or Board or shareholders, as may be applicable in the light of circumstances of a particular transaction.

In determining whether approval needs to be accorded to a Related Party Transaction, the Board or Audit Committee will consider the following factors:

- a) Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b) Whether there are any compelling business reasons for the Company to enter into the Related

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Party Transaction and the nature of alternative transactions, if any:

- c) 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 interest of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director, Key Managerial Personnel or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board or Audit Committee deem fit to consider.

The Audit Committee or Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction. Further, the Audit Committee or Board reserves the authority to modify or waive any procedural requirements of this Policy.

3.2 Guidelines on Determination of Arm's length nature of the Related Party Transactions

As a matter of prudence, the following guidelines are issued:

1. Any single transaction with Related Party in excess of Rs. 1,00,00,000/- (Rupees One Crore) be principally informed to the Audit Committee members indicating the salient features of the transaction and how the transaction is at "Arm's Length".

At the time of determining the Arm's Length Basis of price charged for the Related Party Transaction, the Audit Committee shall *inter- alia* take into consideration the following:

- a) Permissible methods of Arm's Length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- b) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

The Company relies on professionals and experts in the field of Company Law, Accounting and Taxation to review, certify and report on transactions, including those with Related Parties.

2. The management of the Company should ensure periodically that all transactions with Related Parties – be they on a single source basis or otherwise – are on an "Arm's Length" basis.

4. RELATED PARTY TRANSACTIONS UNDER THE POLICY

- 4.1 The Company deploys both technical and commercial expertise in managing the functions of viz., Sales, Marketing, Sourcing, Finance, Internal Audit and Secretarial. The Company also has structured delegation of authority. The Senior Management is educated on Related Party Transactions.

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Related Party Transactions, whether under the Act or under the Income Tax Act, 1961 including nuances and changes therein are informed to the Senior Management from time to time by the Corporate Finance team including those in Direct and Indirect Taxations. As a matter of policy, regardless of whether an entity is a Related Party or not, there is an inherent mechanism by which comparative quotes are obtained from more than one source before fixing prices in respect of procurements. When it comes to pricing of sale transactions, there is no specific guideline or instruction for any concessional approach to be adopted for sale transactions with Related Parties.

- 4.2 Any transfer of resources, services or obligations between the Company and a Related Party, would get covered as a “**Related Party Transaction**”, whether or not, there is an element of consideration or price.

4.3 Prohibited Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee and / or the Board of the Company. Further, all Material Related Party Transactions shall require approval of the shareholders and the Related Parties shall abstain from voting on such resolutions.

4.4 Approval Process for Related Party Transaction:

A. Approval by Audit Committee:

1. Every Related Party Transactions and subsequent material modifications shall be entered into only with the prior approval of the Audit Committee.
Members of the Audit Committee, who are independent Directors, shall only approve related party transactions.

The aforesaid requirement would not apply to a transaction, other than a transaction referred to in section 188 of the Act, between the Company and its wholly owned subsidiary Company.

Provided that w.e.f April 1, 2023, a Related Party Transaction to which the unlisted subsidiary (ies) 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 standalone annual turnover of the subsidiary as per the last audited financial statements of the subsidiary.

The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting 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 the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify the following:
- Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can 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.
- d) In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1,00,00,000/- (Rupees One Crore) per transaction;
- e) 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 approval given;
- f) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
2. The Audit Committee will also undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require further approval of the Board, or if the Board in any case considers review of any such matter, the Audit Committee will report / Recommend the Related Party Transaction, together with a summary of material facts, to the Board for its review / approval as the case may be.

B. Approval by Board:

3. All Related Party Transactions which are in ordinary course of business and on an arm's length basis are exempt from approval of the Board. Conversely, transactions which are not in the ordinary course of business or not as per arm's length pricing or both shall require approval of the Board.

C. Approval by Shareholders:

4. If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to applicable Law, the same shall be put up for approval by the shareholders of the Company.
5. All Material Related Party Transactions and subsequent material modifications thereof shall require prior approval of the Shareholders of the Company. No related party with respect to the Company shall vote to approve such resolutions.
6. If prior approval of the Audit Committee or Board or Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be





ratified by the Audit Committee and the Board or Shareholders, if required, within 3 months of entering in the Related Party Transaction.

7. In any case where either the Audit Committee or Board or a Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee or Board has authority to modify or waive any procedural requirements of this Policy.
8. In determining whether to approve or ratify a Related Party Transaction, the Audit Committee or Board will consider whether the Related Party Transaction is on reasonable terms having regard to the circumstances of the case and the extent of the Related Party's interest in the transaction.

4.5 Related Party Transactions that shall not require Approval:

The following transactions shall not require separate approval under this Policy:

- a) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the Act, in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business;
 - b) Indemnification and advancement of expenses made pursuant to any agreement or by-laws of the Company only for related party transactions approved by the Board;
 - c) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;
 - d) Any transaction which is in the Ordinary Course of Business and on an Arm's Length Basis as determined in terms of this Policy;
 - e) Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
 - f) Payment of Dividend;
 - g) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act or the SEBI Listing Regulations;
- Any other exception which is consistent with the Applicable Law, including any Rules or Regulations made thereunder, and must be approved in advance by the Audit Committee.

5 DISCLOSURE BY DIRECTORS/ KEY MANAGERIAL PERSONNEL

1. Each Director and Key Managerial Personnel of the Company shall promptly notify the Company / Company Secretary of any potential Related Party Transaction involving him or her or his or her Relatives, including any additional information about the transaction





that the Company Secretary of the Company shall reasonably request. The Company Secretary, in consultation with other members of management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

2. Every Director or Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contractor arrangement is discussed and shall not participate in or exercise influence over any such meeting.
3. Where any Director or Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.
4. A contract or arrangement entered into by the Company without disclosure or with participation by a Director or Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
5. In addition, each Director or Key Managerial Personnel is required to make disclosures of the entities in which they or their Relatives are or are deemed to be interested, in the prescribed format under Applicable Law.
6. Any Director or Key Managerial Personnel who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.

6 DISCLOSURES

- The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.
- The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.
- Board's report shall contain details of Related Party Transactions as required under the Companies Act, 2013.
- The Company shall submit to the stock exchanges, every six months within fifteen days from the date of publication of its standalone and consolidated financial results, disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website.





Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

- The Company shall disclose to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis, details of all Material Related Party Transactions.
- The Company shall disclose transactions of the Company with any person or entity belonging to the promoter / promoter group which hold(s) ten percent or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results in the Annual Report.
- This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned person of the Company.

7 REVIEW OF THE POLICY

This Policy is framed based on the provisions of the SEBI Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the SEBI Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once every three years and updated accordingly.

For and on behalf of

CAPACIT'E INFRAPROJECTS LIMITED


Rohit Ramnath Katyal
Executive Director & CFO
DIN: 00252944



Date: November 10, 2022
Place: Mumbai