



CAPACIT'E INFRAPROJECTS LIMITED

Policy on Related Party Transactions

S.no.	Description	Board Approval
1	Initial Adoption of new policy	March 8, 2017 w.e.f. September 25, 2027
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1. Objective

Capacit'e Infraprojects Limited ("Company") recognizes that all related party transactions are not prejudicial to the interest of shareholders or company. In fact, some may be necessary to ensure uninterrupted supply of goods, materials and services, while ensuring scale and quality. However, they pose a risk of actual or potential conflict 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 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 LODR").

The objective of this Policy is to:

- 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 Act and SEBI LODR.
- set out the materiality thresholds for related party transactions & subsequent modifications thereof and;
- the manner of approval of related party transactions pursuant to the provisions of the Act, SEBI LODR, 2015 and any other laws, regulations and guidelines as may be applicable to the Company.

2. Important Definitions

- 2.1. "**Applicable Laws**" includes (a) the Act and rules made thereunder, as amended from time to time; (b) the SEBI LODR, as amended from time to time; (c) Indian Accounting Standards; and (d) any other statute, law, standards, regulations or other governmental circulars, notifications or instructions (including circulars, notifications and guidance issued by the Securities and Exchange Board of India from time to time) relating to Related Party Transactions as may be applicable to the Company.
- 2.2. "**Arm's length transaction**" means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

A transaction shall be deemed to be at arm's length where:

- I. The price charged by the related party does not vary by more than 5% from the price charged to third parties for similar transactions within the preceding 30 days, or
- II. Benchmark pricing for similar inter-company transactions from the past two years is applied.

The determination of whether a transaction is at arm's length shall be made by the Audit Committee, having regard to the nature, materiality, and commercial substance of the transaction and in accordance with Applicable Laws.

- 2.3. "**Management**" includes Key Managerial Personnel.

- 2.4. **“Material Modification”** means a change of more than 20% in approved price, pricing formula or value of the Related Party Transaction.
- 2.5. **“Material Related Party Transaction”** means a transaction with a Related Party which is defined as ‘material’ under Regulation 23 of the SEBI LODR, 2015.
- 2.6. **“Ordinary Course of Business”** means transactions that are carried out as part of the Company’s normal business operations and are reasonably connected to, or necessary for, achieving the objects set out in the Company’s Memorandum of Association. It includes transactions that are routine, incidental, or customary in the construction industry and are required for the effective and efficient conduct of the Company’s business.
- 2.7. **“Ratification”** means post facto approval of (i) a Related Party Transaction or (ii) subsequent Material Modification in the terms of Related Party Transactions already approved by the Audit Committee or the Board of Directors or any other authority of the Company, as may be required. A transaction once ratified by the competent authority will be treated as approved from the inception of the transaction.
- 2.8. **“Related Party”** means a person or an entity defined as related party under the Act or SEBI LODR.
- 2.9. **“Related Party Transaction or RPT”** means a transaction defined as a related party transaction under the Act or SEBI LODR.
- 2.10. **“Relative”** is any person as defined under Section 2(77) of the Act and rules prescribed thereunder.

Explanation: Any words / terms used in the Policy but not defined herein shall have the same meaning ascribed to it, in the Act or rules made thereunder, the SEBI LODR, the Indian Accounting Standards or any other relevant legislation / law applicable to the Company.

3. Identification of Related Parties

- 3.1. Every director and key managerial personnel (KMP) of the Company and its subsidiaries shall,
- at the time of appointment;
 - annually; and
 - whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such director or KMP is interested, whether directly or indirectly, to the Board of the Company or the subsidiary (as the case may be). Every such director and KMP shall also provide any additional information about the transaction, that the Board / Audit Committee may reasonably request.

- 3.2. Each subsidiary shall furnish an updated list of its Related Parties to the Company upon change.

- 3.3. On the basis of the above, a consolidated list of Related Parties shall be prepared in accordance with the provisions of the Act and SEBI LODR.

4. Identification of Related Party Transactions

- 4.1. Potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a proposal with the relevant details as per clause 6.2 of this Policy, shall be submitted for requisite approval before the Committee.
- 4.2. Each Director, Key Managerial Personnel (KMP), Promoter or Member of Promoter Group of the Company shall promptly notify the CS of any potential Related Party Transaction involving him or her or his or her Relatives or entities in which directly or indirectly interested, including any additional information about the transaction that the CS of the Company shall reasonably request.
- 4.3. Where any Director, KMP, Promoter or Member of Promoter Group, who is not so concerned or interested at the time of entering into Related Party Transaction, he / she shall, if he / she becomes concerned or interested after Related Party Transaction is entered into, disclose his / her concern or interest forthwith when he / she becomes concerned or interested.
- 4.4. The Board of Directors of subsidiaries shall, from time to time, provide to the Company, information of any proposed Material Related Party Transactions and any Material Modification(s), for the purpose of obtaining requisite approvals from the Company.
- 4.5. The Board of Directors subsidiaries shall provide to the Company, on a quarterly / half-yearly basis, information regarding the transactions entered into with any of the Related Parties of the Company, or with any of its subsidiaries, for review and making required disclosures to the stock exchanges.

5. Approval of the Related Party Transactions

5.1. Approval of the Audit Committee

- 5.1.1. Unless otherwise exempted under the Applicable Laws and subject to the provisions of this Policy, all RPTs and any Material Modification to the RPTs already approved by the Audit Committee, shall require prior approval of the Audit Committee.
- 5.1.2. RPTs to which a subsidiary of the Company is a party, but the Company is not a party ('Other RPTs'), shall require prior approval of Audit Committee of the Company, if the value of the RPT (whether entered into individually or taken together with previous transactions, during a financial year) exceeds the statutory limits prescribed in the SEBI LODR.

5.1.3. The Audit Committee may grant omnibus approval for the RPTs, which are routine and repetitive in nature and which satisfy the criteria for omnibus approvals, as prescribed under the Act or the SEBI LODR.

5.1.4. Where the need for the RPTs cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such RPTs subject to their value not exceeding Rs. 1 Crore (Rupees one crore) per transaction.

5.1.5. Such omnibus approval shall be based on the criteria specified in clause 6.1 of this Policy.

5.1.6. Omnibus approval shall be valid for a period, not exceeding one year and shall require fresh approval, after the expiry of the approval period.

5.1.7. Only Independent Directors, who are members of the Audit Committee shall approve the RPTs. In case such Independent Director is interested in any potential RPT, then he / she shall abstain from discussion and voting when such RPT is being considered.

5.1.8. The Audit Committee at its discretion may submit any RPT for additional approval of the Board of Directors.

5.1.9. The remuneration (including grant of ESOPs) and sitting fees paid by the Company and / or its subsidiary to its director, KMP or Senior Management, except who is part of the promoter or promoter group, shall not require prior approval of the Audit Committee provided the same is not a Material Related Party Transactions under the SEBI LODR.

5.1.10. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs, on an annual basis.

5.2. Approval of the Board of Directors

5.2.1. Subject to Clause 5.4, the following RPTs shall require additional, prior approval of Board of Directors:

I. All transactions between the Company and its Related Parties which are not in the Ordinary Course of Business, or not proposed to be executed as an Arm's length transaction.

II. Transactions which in the opinion of the Audit Committee, need special consideration / determination by the Board.

III. Where it is mandatory under any law for Board to approve such transactions, or where the Board, suo-moto chooses to review such RPTs.

IV. RPTs in which the promoters, promoter group, directors, or KMPs of the Company are concerned or interested.

5.2.2. Where any director is concerned or interested in any potential RPT, such director shall abstain from discussion and voting when such RPT is being considered.

5.3. Approval of the Shareholders of the Company

5.3.1. Subject to Clause 5.4, the following RPTs and subsequent Material Modifications thereto, shall be subject to prior approval of shareholders of the Company, by way of a resolution:

- I. All Material Related Party Transactions; and
- II. RPTs which require approval of the shareholders, as per Applicable Laws

5.3.2. No Related Party shall vote to approve such a resolution, irrespective of whether the entity is a Related Party to the particular transaction or not.

5.3.3. The Audit Committee and the Board shall approve and recommend all Material Related Party Transactions and subsequent Material Modifications, before submitting the same for approval of the shareholders of the Company.

5.4. Exemptions

The provisions of Clause 5.1, 5.2, 5.3, and 7 shall not be applicable in the following cases:

- I. transactions between and among the wholly owned subsidiary(ies) and the Company, whose accounts are consolidated with the Company, if such transactions are in the Ordinary Course of Business or executed as Arm's length transaction.
- II. transactions between and among two or more wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company.

6. Procedure and Criteria for approving Related Party Transactions

6.1. The criteria for granting omnibus approval for the RPTs is as follows:

6.1.1. While assessing any proposal, the Audit Committee may review the documents / seek information from Management of the Company, or seek clarification or external opinion.

6.1.2. The transactions undertaken pursuant to omnibus approval, shall be reviewed by the Audit Committee on quarterly basis;

6.1.3. The following transactions will not be eligible for the omnibus approval and shall be approved by the Approving Authority, on case to case basis:

- I. Transactions which are not repetitive in nature;
- II. Transactions involving sale or disposal of an undertaking of the Company;
- III. Transactions involving sale or disposal or assignment of any significant or critical asset of the Company;

6.2. For the purpose of procuring approval of the Audit Committee or the Board (as the case may be), the Management shall submit a proposal for approval of the RPTs, containing the information as prescribed under SEBI LODR.

6.3. In determining whether to approve an RPT, the Committee shall inter-alia consider the following factors, to the extent relevant to the matter:

- 6.3.1. Whether the proposed transaction is in the best interest of the Company.
- 6.3.2. Whether the terms of the proposed transaction are fair and it is an Arm's length transaction.
- 6.3.3. Whether the proposed RPT is permissible under the provisions of Applicable Laws.
- 6.3.4. Whether such contract or arrangement is proposed to be entered into, on terms no less favourable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances;
- 6.3.5. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any.
- 6.3.6. Whether the proposed transaction includes any potential reputational risk issues.
- 6.3.7. Whether the RPT would present an improper conflict of interest for any director or KMP of the Company, or a subsidiary of the Company, to extent of the director or KMP's interest in such contract or arrangement.

6.4. Audit Committee and /or the Board can rely on following:

- 6.4.1. For approval of a Related Party Transaction or ratification or any subsequent Material Modification in the approved terms thereof, a financial and compliance note shall be submitted by the Chief Financial Officer to the Audit Committee or the Board (as the case may be) for sufficient days in advance, along with the proposal, certifying, to the best of his / her knowledge and based on available information:

- I. whether the Related Party Transaction is in the Ordinary Course of Business; and
- II. whether the Related Party Transaction is an Arm's Length Transaction.

The Audit Committee may, at its discretion, require an independent opinion from an external consultant or such other officer as it may approve.

Provided that the person submitting such certification or opinion shall not be interested in the proposed Related Party Transaction, directly or indirectly.

- 6.4.2. The Chief Financial Officer shall be responsible for establishing and maintaining adequate internal financial controls, systems, and processes to ensure timely identification, monitoring, recording, and reporting of Related Party Transactions and any material modifications thereto.

- 6.5. The management is competent to approve of variation in the terms of RPT (including variation in price, pricing methodology or overall value) that does not amount to Material Modification. Such modifications in the RPT shall be separately submitted to the Audit Committee for review and noting.

7. Related Party Transactions not previously approved

- 7.1. The Audit Committee may ratify RPTs and subsequent Material Modification, within 3 months from the date of transactions or in the immediate next Audit Committee meeting whichever is earlier, subject to the following conditions:
 - I. the value of the ratified RPT with a related party, whether entered into individually or taken together, during a financial year shall not exceed INR 1 crore;
 - II. the transaction is not a Material Related Party Transaction;

- III. a rationale for inability to seek prior approval for the RPT shall be placed before the Audit Committee at the time of seeking ratification;
 - IV. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
 - V. any other condition as specified by the Audit Committee.
- 7.2. Failure to seek ratification of the Audit Committee shall render such transactions voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss the Company incurs.
- 7.3. In case an RPT or Subsequent Material Modification is not eligible for ratification by the Audit Committee, the same may be ratified by the Board subject to the following conditions and applicable laws:
- I. rationale for inability to seek prior approval for the RPT shall be placed before the Audit Committee and the Board at the time of seeking ratification;
 - II. the Audit Committee has not rendered such transaction void and has recommend such RPT for ratification of the Board;
 - III. The transaction is not material requiring approval of the Shareholder under Para 5.3 of this Policy;
 - IV. the Board may void such RPT and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss the Company incurs;
 - V. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation.
- 7.4. The Approving Authority shall, consider all relevant facts and circumstances relating to such RPT and decide such action as it may consider appropriate, including ratification, revision or termination of the Related Party Transaction. The decision of the Approving Authority shall be binding under all circumstances.
- 7.5. The Audit Committee may, at its discretion, examine the internal controls and the reasons for failure in reporting/ obtaining prior approval of such RPT and direct the management to strengthen the internal controls for dealing with RPTs.

8. Disclosures & Reporting

- 8.1. This Policy shall be disclosed on the website of the Company and a web link to the policy shall be provided in the Annual Report.
- 8.2. A summary statement of RPTs executed by the Company shall be submitted to the Audit Committee on quarterly basis for information, review and noting. The statement of RPT shall be accompanied

by following confirmations from any CFO of the Company or an external consultant, or such other officer as may be approved by the Audit Committee:

- I. Whether the transactions are Arm's length transactions;
- II. Whether the transactions are in the Ordinary Course of Business; and
- III. Whether the transactions are as per the terms and within the limits approved by the Audit Committee / Board.

8.3. The RPTs shall be disclosed to the stock exchanges, on the website of the Company and in other statutory documents, in accordance with Applicable Laws.

9. Limitation, Review and amendments

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy. Further, policy will be reviewed by the Board in every three years.