



Capri Global Capital Limited

POLICY ON RELATED PARTY TRANSACTIONS

Version 1.4

1. INTRODUCTION

The Board of Directors (the “Board”) of Capri Global Capital Limited (the “Company” or “CGCL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations as applicable to the Company.

2. POLICY OBJECTIVES

The Companies Act, 2013 (the Act), the rules framed thereunder as well as Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), contain detailed provisions relating to Related Party Transactions.

This policy is framed as per requirements of Regulation 23 of Listing Regulations and intended to ensure proper approval and reporting of transactions between the Company and its Related Parties.

3. DEFINITIONS

‘Applicable Law’ includes (a) the Companies Act, 2013 (the Act) including Companies (Amendment) Act, 2017 and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Listing Regulations); (c) Indian Accounting Standards; and (d) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under Regulation 18 of Listing Regulations and Section 177 of the Companies Act, 2013.

“Board” means Board of Directors of the Company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- i. Managing Director, or Executive Director or Chief Executive Officer or manager and in their absence, a whole- time director;
- ii. Company Secretary;
- iii. Chief Financial Officer;
- iv. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- v. such other officer as may be prescribed.

“Material Related Party Transaction” means a transaction or transactions with a Related Party to be entered into individually or taken together with previous transactions during a financial year which exceeds Rs. 1000 Crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such other limit as prescribed by regulators for the time being in force.

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 five percent (or such other limit as prescribed by regulators for the time being in force.) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modification means any change in value of the Related Party Transactions from what was approved by the Audit Committee.”

“Policy” means this Policy on Related Party Transactions.

“Related Party” shall have the same meaning as defined in Regulation 2(1)(zb) of the Listing Regulations, according to which an entity shall be considered as related to the Company if:

- i. such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- ii. such entity is a related party under the applicable accounting standards; or
- iii. any person or entity forming a part of the promoter or promoter group of the Company;
- iv. any person or any entity, holding equity shares
 - (i) of 20% or more; or
 - (ii) of 10% or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

- v. Such other parties considered as related party for the time being in force as per applicable laws:

“Related Party Transaction” means and subject to applicable laws for the time being in force, a transaction involving a transfer of resources, services or obligations between 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 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 or such other transactions considered as related party for the time being in force as per applicable laws.

“Relative” means Relative as defined under the Companies Act, 2013 and means anyone who is related to another, if –

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. one person is related to the other in the following manner;
 - a) Father (including step-father);
 - b) Mother (including step-mother);
 - c) Son (including step-son);
 - d) Son’s wife;
 - e) Daughter;
 - f) Daughter’s husband;
 - g) Brother (including step-brother);
 - h) Sister (including step-sister);

4. POLICY

All Related Party Transactions and subsequent material modifications must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

Only independent directors who are members of the audit committee shall approve related party transactions.

4.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board 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. Board / Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

4.2 Prohibitions related to Related Party Transactions

- i. All Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee.

All Material Related Party Transactions and subsequent material modifications 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.

Provided that sub-clauses 4.2(a) and 4.2(b) shall not be applicable to the following Related Party Transactions and shall not require approval of Audit Committee or Shareholders:

- i. transaction that involves paying compensation to a director or Key Managerial Personnel 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;
- ii. 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;
- iii. transactions entered into between the Company and any of its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for their approval;
- iv. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for their approval.

4.3 Review and Approval of Related Party Transactions

- a. Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Only those members of the audit committee, who are independent directors, shall approve related party transactions. Any member of the Committee falling under the definition of Related Party shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

- i. 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 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;
- ii. prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and regulation 15(2) of SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of the Company, the prior approval of the audit committee of the listed subsidiary shall suffice.

b. Review and Approval of Material Related Party Transactions

- i. All material related party transactions 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.

Prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and regulation 15(2) of SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary the prior approval of the shareholders of the listed subsidiary shall suffice.

4.4 To review a Related Party Transaction, the Audit Committee will be provided with the following information or such other information required for the time being in force as per applicable laws:

- i. Type, material terms and particulars of the proposed transaction;
- ii. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure shall be specified);
- iv. Value of the proposed transaction;
- v. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the company or its subsidiary:
 - a. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - and tenure;
 - b. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - c. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- vii. Justification as to why the RPT is in the interest of the Company;
- viii. A copy of the valuation or other external party report, if any such report has been relied upon;
- ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- x. Any other information that may be relevant.

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

- a) 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;
- b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c) Whether the Related Party Transaction would affect the independence of an independent director;
- d) 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 if allowed would be detrimental to the Company; and
- e) 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.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

If the related party transaction needs to be approved at a general meeting of the shareholders, the notice shall include the following information, or such other information required for the time being in force as per applicable laws, as a part of the explanatory statement;

- i. A summary of the information provided by the management of the Company to the audit committee as specified in point 4.4 above;
- ii. Justification for why the proposed transaction is in the interest of the Company;
- iii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 4.4(vi) above;
- iv. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- v. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- vi. Any other information that may be relevant.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or

termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate. The Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.

In any case, where the Board / Shareholders decides not to ratify a Related Party Transaction that has been commenced without its approval, the Committee or Board or 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. While reviewing any Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Where any related party transaction is entered into, without obtaining the consent of the Board / shareholders and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such related party transaction was entered into, such related party transaction shall be voidable at the option of the Board or, as the case may be, of the shareholders.

6. DISCLOSURES

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time and publish the same on its website. The Company shall make such disclosures every six months within 15 days from the date of publication of its standalone and consolidated financial results and on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

7. DISSEMINATION

Pursuant to Regulation 46 of the Listing Regulations, this Policy and any amendment thereto shall be posted on the website of the Company and a web link thereto shall be provided in the Annual Report.

8. POLICY REVIEW

This policy may be amended and modified from time to time to ensure compliance with any modification and amendment to the Listing Regulations or as may be otherwise prescribed by the Audit Committee / Board from time to time.