

RELATED PARTY TRANSACTION POLICY

1. Purpose of this policy:

Capital Trust Limited (“CTL” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). And considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Clause 49 of Listing Agreement, Reserve Bank of India Act 1934, Non-Banking Finance companies-Corporate Governance (Reserve Bank) Direction 2015 and other applicable laws, re-enactment thereof including all notifications circulars, orders, clarifications directions, that meant to lay down principles, which will guide the transactions among related parties. The Institute of Chartered Accountants of India has issued accounting standard 18 for disclosure of related party relationship and transaction between company and its related parties. Non-Banking Finance Companies-Corporate Governance (Reserve Bank) Direction 2015, which inter alia provides that company that company, shall formulate a policy. CTL has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. This Policy regulates all transactions between the Company and its Related Parties. The company is professionally managed having good corporate governance and internal control system in place.

The Audit Committee will review the Policy periodically and may amend the same from time to time and propose the same to the Board for approval.

2. Definitions

“Act” shall mean the Companies Act, 2013 and includes any amendment thereof.

“**Arm’s length transaction (‘ALP’)**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Related Party**”, with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

“**Related Party Transaction” (RPT)** means –

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose of clause 49, any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A “**transaction**” with a related party shall be construed to include single transaction or a group of transactions in a contract.

“**Audit Committee**” means audit committee of the company as constituted by the board.

“Board of Directors means board of directors of the company.

“Key Managerial Persons (KMP) means –

- Directors of the company for the time being occupying the position as such means: a. Managing Director of the company; b. Whole time director; c. Non -Executive directors; d. Additional Directors; e. Chief Financial Officer (CFO), f. Company Secretary; g. Such other officer as may be prescribed, from time to time.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the Listing Agreement, as amended from time to time.

3. Materiality Thresholds

Clause 49 of the Listing Agreement requires a company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a special resolution. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company for the purpose of Clause 49(VII)(C) of the Listing Agreement.

4. Review and approval of Related Party Transaction

Approval of related party transactions

A. Audit Committee

All the transactions which are identified as related party transactions shall be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm’s length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under clause 49 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any

procedural requirements of this policy.

A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

B. Board of Directors

In case any related party transactions are referred by the Company to the Board for its approval due to

the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the

Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

C. Shareholders

If a related party transaction is (i) a material transaction as per clause 49, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction.

D. Reporting of related party transactions

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

5. Display

This policy shall be uploaded on the website of the company.

6. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.