

RELATED PARTY TRANSACTION POLICY

1. SCOPE AND PURPOSE OF THIS POLICY

Ace Software Exports Limited (“Company”) is governed amongst others, by the Companies Act, 2013 and the rules framed thereunder, as amended (“Act”), and regulations framed by Securities and Exchange Board of India (“SEBI”). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) has mandated every listed company to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”).

The Board of Directors of the company on the recommendation of Audit Committee has adopted the following Policy and procedure with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the Law. The Policy on Related Party Transaction may be reviewed, approved and amended from time to time by the Board of Directors of the Company on the recommendation of the Audit Committee.

2. DEFINITIONS

“**Act**” means the Companies Act, 2013 including any amendment or modification thereof.

“**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.

“**Audit Committee**” means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the Listing Regulations.

“**Associate**” means a Company as defined under section 2(6) of the Act.

“**Key Managerial Personnel**” or “**KMP**” shall have the meaning as defined in the Companies Act 2013 and as amended from time to time.

“**Material Modifications**” means any modification to an existing related party transaction, approved by the Audit Committee/ Board of Directors / Shareholders, as the case may be, which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction amount.

“**Ordinary course of business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

“**Related Party**” have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

“**Relative**” in relation to an Individual, means persons as defined under section 2(77) of the Companies Act, 2013 and the SEBI Listing Regulations.

“**Related Party Transaction**” as defined under the SEBI Listing Regulations means a transfer of resources, services or obligations between the Company and a related party, 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 including but not limited to the following –

- a. selling or otherwise disposing of, or buying, property of any kind;
- b. leasing of property of any kind;
- c. availing or rendering of any services;
- d. appointment of any agent for purchase or sale of goods, materials, services or property;
- e. appointment to any office or place of profit in the company
- f. underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- a. the issue of specified securities 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. payment of dividend by the Company
- c. subdivision or consolidation of securities by the Company
- d. issuance of securities by way of a rights issue or a bonus issue and
- e. buy-back of securities.

“**Subsidiary**” means a Company as defined under section 2(87) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

3. MATERIALITY THRESHOLD

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required.

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year a) exceeds Rs. 1,000 Crore or b) 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower.

The term shall have the meaning ascribed to it under the SEBI Listing Regulations as may be amended from time to time or relevant provisions of the Act.

Additionally, the Company on an annual basis will also set the limits for its Projected Related Party Transactions for the consideration and approval by the Audit Committee and the Board of Directors

4. RELATED PARTY TRANSACTION – APPROVAL MECHANISM

- As per the Companies Act, 2013, any transaction entered into by the Company with a related party which is in its ordinary course of business and which is on an arm’s length basis does not require any approval from the Audit Committee, Board of Directors or the Shareholders.
- As per the SEBI Listing Regulations, all Related Party Transactions and subsequent material modification require prior approval of the Audit Committee of the Company.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

Provided further that,

- a related party transaction to which a 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 standalone turnover, as per the last audited financial statements of the subsidiary;
- In case of a Related Party Transaction which cannot be foreseen, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- Further, the following type of related party transactions and subsequent material modification shall require prior approval of the shareholders through resolution:
(A) All “material” Related Party Transactions

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(B) All such Related Party Transactions which are not in the ordinary course of business and which exceed the permissible limits as given under Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014

5. DISCLOSURE OF INTEREST BY DIRECTORS/ KMPs

Every Director and KMP shall, in adherence of the provisions of Companies Act, 2013 and the SEBI Listing Regulations in this regard, furnish necessary disclosures (annually and whenever there is a change) about his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in the manner prescribed.

Further, it shall be the duty of members of the Board and KMP to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.

Every Director should forthwith bring to the attention of Board any related party transaction that he or she anticipates/ foresees to ensure adherence to applicable compliance norms, obtaining necessary approval in that regard.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Audit Committee

- All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse 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 basis, would require approval of the Board or of shareholders.
- 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 the Act and the Listing Regulations 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.
- The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations.

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 basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed 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 recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Shareholders

Effective from 6th September, 2024

- If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.
- The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations.

Reporting of Related Party Transactions

- Every contract or arrangement, which is required to be approved by the Board or the 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.
- The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchange, and requisite disclosures shall be made in other public documents/certificates as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

7. LIMITATION, REVIEW AND AMENDMENT:

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.

The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).

8. DISCLOSURE OF THE POLICY:

This Policy will be uploaded on the website of the Company