



ACE INTEGRATED SOLUTIONS LIMITED

RELATED PARTY TRANSACTIONS POLICY



POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Companies Act, 2013, as amended from time to time (the 'Act') and the Securities and Exchange Board of India ('SEBI') have prescribed regulations governing related party transactions entered into by listed entities. The Act defines related parties and related party transactions and prescribes certain approval requirements with respect to such transactions. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('SEBI Listing Regulations') inter alia require listed companies to adopt a policy setting out the manner in which such companies will deal with related party transactions, as well as the materiality thresholds applicable to such transactions.

In order to consolidate the procedural requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors ("Board") of ACE INTEGRATED SOLUTIONS LIMITED (the "Company") has laid down this policy on related party transactions in accordance with the requirements of the Companies Act, 2013 read with relevant rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of the Directors of the Company has adopted this policy in its meeting held on May 29, 2024.

2. OBJECTIVE

The Objective of this Policy is to set out:

- (i) the materiality thresholds for related party transactions;
- (ii) the manner of dealing with the transactions between the Company and its related parties based on the Act, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company;
- (iii) the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.
- (iv) seek necessary approvals of the Audit Committee / Board / Shareholders, as may be necessary, after providing necessary information to them in the prescribed manner.

3. DEFINITIONS

"Related Party", means—

- (A) With reference to the Company:
 - (i) a director or his relative;
 - (ii) a key managerial personnel or his relative;
 - (iii) a firm, in which a director, manager or his relative is a partner;
 - (iv) a private company in which a director or manager is a member or director;
 - (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;



- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is—
 - (a) a holding, subsidiary or an associate company of such company; or
 - (b) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) a director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.;

The following shall also be treated as the Related Party: -

- a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding;
- b. any person/entity holding 10% (ten percent) equity shares in the listed entity, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:

“Relative”, with reference to any person, means anyone who is related to another, if—

- (a) they are members of a Hindu Undivided Family;
- (b) they are husband and wife; or
- (c) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely: -
 - (i) Father (includes step-father).
 - (ii) Mother (includes the step-mother).
 - (iii) Son (includes the step-son).
 - (iv) Son’s wife.
 - (v) Daughter.
 - (vi) Daughter’s husband.
 - (vii) Brother (includes the step-brother)
 - (viii) Sister (includes the step-sister).

“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 Audit Committee constituted by the Board of Directors of Ace Integrated Solutions Limited as per the provision of the Act and the SEBI Listing Regulations as amended from time to time.

“Board of Directors” or “Board” means the Board of Directors of Ace Integrated Solutions Limited, as constituted from time to time.

“Company” means ACE INTEGRATED SOLUTIONS LIMITED.

“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) the Chief Executive Officer or the Managing director or the Manager,
- (ii) the Company Secretary;
- (iii) the Whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed by the Central Government/SEBI from time to time.

“Related party transaction” means transactions in the nature of contract involving transfer of resources, services or obligations between the Company (“Ace Integrated Solutions Limited”) and the Related Party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."

The RPT shall include transactions between –

- a. 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;
- b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.

Related Party Transaction as per the Companies Act, 2013 means any contract or arrangement with a related party with respect to:

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

“Material Related Party Transaction or Materiality Thresholds” in terms of Listing Regulations means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

- (i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- (ii) In case of any other transaction(s), if the amount exceeds Rs 1,000 crores or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

“Policy” means Policy on Related Party Transactions.

4. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS



The Company shall identify and update the list of related parties as prescribed under section 2(76) of the Act read with rules framed there under and SEBI Listing Regulations. The Company shall identify the related party transactions in accordance with the provision of the Act and SEBI Listing Regulations. The Company shall also determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

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.

The Company prefers to receive such notice of any potential Related Party Transaction and interest of the related parties in the said transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

APPROVAL PROCESS:

5. AUDIT COMMITTEE APPROVAL

1. All Related Party Transactions, where the Company or its subsidiaries is a party shall require prior approval of the Audit Committee of the Company. Accordingly, all proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee.

Members of the audit committee, who are independent directors, shall only approve related party transactions.

RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, 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 such subsidiary.

Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of Listing Regulations are applicable to such listed subsidiary.

2. The Audit Committee shall review the information as prescribed under the Act and Listing Regulations, for approval of a proposed Related Party Transaction.
3. 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:
 - (i) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company.
 - (ii) 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;



- (iii) Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
- (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- (v) Whether the Related Party Transaction would affect the independence of the Directors/ KMP;
- (vi) Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law; and
- (vii) Any other factor the Committee deems relevant for reviewing and approving such Related Party Transaction.

5.1 OMNIBUS APPROVAL FOR RELATED PARTY TRANSACTIONS

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI Listing Regulations as amended from time to time.: -

1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature
2. The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
3. The omnibus approval shall contain or indicate the following: -
 - (a) name of the related parties;
 - (b) nature and duration of the transaction;
 - (c) maximum amount of transaction that can be entered into;
 - (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:
Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
4. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely: -
 - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) the maximum value per transaction which can be allowed;
 - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
 - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.



5. The Audit Committee will consider the following factors while specifying the criteria for making omnibus approval, namely: -
 - (a) repetitiveness of the transactions (in past or in future);
 - (b) justification for the need of omnibus approval.
6. Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
7. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
8. Any other conditions as the Audit Committee may deem fit.

6. BOARD APPROVAL:

6.1 All the related party transactions prescribed under Section 188 of the Companies Act, 2013 read with rules made thereunder and/or SEBI Regulations, which are not in the ordinary course of business or not at Arm's Length Basis shall be brought before the Board and the Board may consider and approve the related party transaction at a meeting.

6.2 All the Material Related Party Transactions shall be considered and approved by the Board before the same are considered by the shareholders for their approval

6.3 Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

6.4 Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board and if it is not ratified by the Board at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board.

7. SHAREHOLDERS APPROVAL:

7.1 All Related Party Transactions in excess of the limits prescribed under section 188 of the Companies Act, 2013 read with rules made thereunder, which are not in the Ordinary Course of Business or not at Arms' Length shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

7.2 All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

8. EXEMPTION FROM APPLICABILITY OF THE POLICY

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this policy shall not apply to the following Related Party Transactions shall not require approval of Audit Committee or Board or Shareholders:

- (i) Transactions entered into between the Company and its wholly owned subsidiary or two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.



- (ii) Any transaction that involves the providing of 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.
- (iii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and where all holders of such securities receive the same benefits pro rata as the Related Party.

9. POLICY REVIEW:

This Policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any difficulties or ambiguities in the Policy will be resolved by the Board of Directors / Audit committee in line with the intent of the Policy.

The Audit Committee shall periodically review the Policy and may recommend amendments to this Policy to the Board of Directors of the Company from time to time as it deems appropriate

In the event of any conflict between the provisions of this policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this policy.

10. DISCLOSURE:

- (a) Details of Related Party Transaction as prescribed under the Act and/ or Listing Regulations with shall be disclosed in the Directors Report.
- (b) Details about material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- (c) The Company shall submit enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI on the date of publication of its financials and also publish the same on its website.
- (d) The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.
