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Policy on Dealings with Related Party Transactions and on Materiality of Related Party Transactions

Revision History

Original date of approval	Amendment	Approver
6 August 2014	3 May 2017	Board of Directors
	20 August 2020	Board of Directors
	5 August 2021	Board of Directors
	18 April 2023	Board of Directors
	26 July 2024	Board of Directors



Policy on Dealings with Related Party Transactions and on Materiality of Related Party Transactions

1. Overview

1.1 Objective

The Board of Directors (the “Board”) of Accelya Solutions India Limited (the “Company” or “ASIL”) has adopted the following policy and procedures with regard to Related Party Transactions and material modifications as defined below. The Board may review and amend this policy from time to time.

This Policy intended to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder (the Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Listing Regulations), as amended or re-enacted from time to time.

This policy is intended to ensure that all necessary approvals are obtained and all reporting requirements are duly complied with in respect of transactions between the Company and any of its directors, Key Managerial Personnel and their relatives, subsidiaries of the Company or its holding company or entities in which directors are interested. Related Party Transactions are appropriate provided they are in the best interests of the Company and are not in any potential conflict with the interests of the Company.

1.2 Definitions

1.2.1 Related Party Transaction: Related party transaction means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

- (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) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

1.2.2 “Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity 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 shall be deemed to be a related party:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);



1.2.3 Key Managerial Personnel: key managerial personnel", in relation to a company, means—

- (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;
- (v) 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
- (vi) such other officer as may be prescribed

1.2.4 Relative: Relative, with reference to a person, means any one who is related to another, if:

- (1) they are members of a Hindu Undivided Family
- (2) they are husband and wife

A person shall be deemed to be a relative of another, if he or she is related to another in the following manner, namely:

- (i) Father
- (ii) Mother
- (iii) Son
- (iv) Son's wife.
- (v) Daughter
- (vi) Daughter's husband.
- (vii) Brother
- (viii) Sister.

1.2.5 Arm's length transaction: "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.

1.2.6 "Material Modifications of Related Party Transaction" in relation to the Company means and includes any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.



1.3 Effective Date

This Policy is effective from 1 April 2014.

1.4 Exceptions

Any exceptions to the Policy on Related Party Transactions must be consistent with the Act including rules made there under and will require prior approval of the Board.

2. Disclosures

2.1 Disclosure of Interest

2.1.1 Every director and Key Managerial Personnel shall at the first meeting of the Board in which he/she participates as a director or Key Managerial Personnel, as the case may be, and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in such manner as may be prescribed.

2.1.2 Every director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

- (a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- (b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be,

shall disclose the nature of his/her concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.



2.1.3 Where there is any change in the disclosure already made by a director and the director intimates such change to the Board, the said change shall be made in Schedule I of this Policy and this Policy shall stand amended to that effect.

2.2 Other Disclosures

2.2.1 The Company shall make all the applicable Disclosures as to the Related Parties, Related Party Transactions and/or Material Related Party Transactions in the Annual Report of the Company , on the website of the Company and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed from time to time as may be prescribed under the Act or Listing Regulations.

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, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company, whichever is lower.

3. Approvals

3.1 Audit Committee Approval

All Related Party Transactions and subsequent material modifications thereof entered into by the Company irrespective of the fact that it is in its ordinary course of business or is at arm's length basis shall require prior approval of the Audit Committee.

A Related Party Transaction to which the unlisted subsidiary (ies) 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 ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.

Provided that w.e.f 1 April, 2023, a Related Party Transaction to which the unlisted subsidiary(ies) 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 ten per cent of the standalone annual turnover of the subsidiary as per the last audited financial statements of the subsidiary.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions specified under SEBI (LODR) Regulations, 2015 and the Act.



3.2 Board Approval

All Related Party Transactions entered into by the Company which are not in its ordinary course of business or are not on arm's length basis shall require prior approval of the Board of Directors.

3.3 Shareholders' Approval

- (a) All Related Party Transactions entered into by the Company which are not in its ordinary course of business or are not on arm's length basis shall also require prior approval of the shareholders, subject to exceptions provided under the Act.
- (b) Subject to the exceptions provided under Listing Regulations , all material Related Party Transactions and subsequent material modifications thereof shall require prior approval of the shareholders of the Company. No related party with respect to the Company shall vote to approve such resolutions.

A transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- (c) The related party/parties who is interested in the transaction shall abstain from voting on such resolutions.

4. Approval Process

- 4.1 In the beginning of every financial year, a gist of all transactions proposed to be entered into with the Related Parties with estimated values shall be presented to the Audit Committee for its approval.
- 4.2 At every meeting of the Audit Committee held during each quarter, details of actual transactions against estimated transactions entered with Related Parties shall be presented to the Audit Committee for its records.



- 4.3 In case of any new transactions to be entered with the Related Parties which are not approved at the beginning of the financial year, the estimated value of the transactions shall be presented to the Audit Committee for its approval either at the meeting of the Audit Committee or by a circular resolution.
- 4.4 In case the value of any transactions with Related Party exceeds the limit approved by the Audit Committee, a fresh approval for revised estimate shall be required to be obtained from Audit Committee immediately either at the meeting of the Audit Committee or by a circular resolution.
- 4.5 If in the opinion of the Audit Committee any Related Party Transaction is not in its ordinary course of business or not at arm's length basis, the same shall be reported to the Board of Directors.
- 4.6 Board of Directors shall review the transaction and either approve the transaction or disapprove it.
- 4.7 If the Board approves the transaction, it shall recommend the same for the approval of shareholders.

5. General Criteria For Approving Related Party Transactions

In determining whether to approve, ratify, disapprove or reject a Related Party Transaction, the Audit Committee as appropriate, shall take into account, among other factors it deems appropriate, whether the transaction is entered into as if it is an Arm's length transaction and in the ordinary course of business; and the extent of the Related Party's interest in the transaction.

The Board Audit Committee shall review the following information when assessing a Related Party Transaction:

- The terms of such transaction;
- The Related Party's interest in the transaction;
- The purpose and timing of the transaction;
- The maximum amount of transactions that shall be entered into
- Whether the Company is a party to the transaction, and if not, the nature of the Company's participation in the transaction;
- If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;



- The approximate value of the transaction;
- Description of any provisions or limitations imposed as a result of entering into the proposed transaction;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
- Any other relevant information regarding the transaction

6. Unapproved Related Party Transactions

In the event the Audit Committee becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Board. The Board shall consider all the relevant facts and circumstances regarding the Related Party Transactions, including the items listed in Section 5 above, and shall evaluate all options available to the Board, including ratification, revision or termination of the Related Party Transaction. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction, and shall take such action it deems appropriate.

7. Pre-Approved Related Party Transactions

The Board has determined that each of the types of Related Party Transactions listed below shall be deemed to be pre-approved or ratified and shall not require review or approval by the Board provided these transactions are, in the opinion of the Board, Arm's length transactions and are in the ordinary course of business.

- a) **Remuneration or compensation or reimbursement of expenses to Key Managerial Personnel:** Any remuneration or compensation payable to Key Managerial Personnel if the remuneration and compensation is in accordance with the policy, relating to the remuneration for the directors, key managerial personnel and other employees as referred to in section 178 of the Act. Also, any re-imburement of expenses incurred in the ordinary course of business incurred by the directors or key management personnel shall be deemed to be approved.
- b) **Director compensation:** Any remuneration or compensation paid to a member of the Board if the remuneration or compensation in accordance with the policy, relating to the remuneration for the directors, key managerial personnel and other employees as referred to in section 178 of the Act and also in accordance with the provisions of section 197 of the Act and rules made there under.



8. Consequences of non-compliance of Related Party Transactions and Related Party disclosures

- 8.1 The office of a director shall become vacant in case—
- (a) he/she acts in contravention of the provisions of section 184 of the Act relating to entering into contracts or arrangements in which he is directly or indirectly interested;
 - (b) he/she fails to disclose his/her interest in any contract or arrangement in which he/she is directly or indirectly interested, in contravention of the provisions of section 184;
- 8.2 A person shall not be eligible for appointment as a director of a company, if he/she has been convicted of the offence dealing with related party transactions under section 188 of the Act at any time during the last preceding five years.
9. This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
10. In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.
11. Any subsequent amendment / modification in the Listing Regulation and the Act in this regard shall mutatis mutandis apply to /prevail upon this Policy.
