

Ace Edutrend Limited

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



Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

PREFACE

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1. PREAMBLE

The Company is committed to practicing the maximum transparency in the conduct of Related Party Transactions in sync with its corporate governance philosophy based on the objective of continuing ethical conduct in fulfilling its responsibilities and recognizes that Related Party Transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors of Ace Edutrend Limited (“the Company”), on recommendation of the Audit Committee, has adopted this policy to regulate transactions of the Company by Related Parties in compliance with various applicable laws, including under the Companies Act, 2013 (the “Act”) and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as LODR), prescribed for related party transactions.

2. OBJECTIVE

This policy is framed as per the requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and in accordance with the provisions of Section 188 of the Companies read with The Companies (Meetings of Board and its Powers) Rules, 2014 for identification of related parties and the proper conduct and documentation of all related party transactions. The Company is required to disclose each year in the Financial Statements RPT as well as the policy concerning RPT. There being two sets of regulations governing RPT and Virtual being a listed entity, more stringent of the two shall be adhered to in the conduct of RPT by the Company.

Policy has been designed to ensure the transparency of approval process and disclosures requirements for fairness in the conduct of RPT in accordance with the applicable laws. This policy shall supplement the Company’s practices applicable to or involving the transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

3. APPLICABILITY

This Policy shall come into force with effect from April 1, 2015 and shall be applicable to transactions, covered under section 188 of the Companies Act, 2013 or which are related party transactions under the Income Tax Act, 1961 or under the SEBI LODR, when made with:-

- (a) Board of Directors & their Relatives,
- (b) Key Managerial Personnel (KMP) of the Company and their Relatives, and
- (c) Other Related Parties, as defined hereinafter

4. DEFINITIONS

4.1 “Audit Committee or Committee” means committee of the Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



4.2 “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 under section 188 of companies Act, 2013.

4.3 “Board of Directors” or “Board” in relation to a Company means the collective body of Directors of the Company pursuant to Section 2(10) of the Companies Act, 2013.

4.4 “Control” means control as defined under section 2 (27) of the Companies Act, 2013 which includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

4.5 “Key Managerial Personnel”, in relation to a company, means as defined under section 2(51) of the Companies Act, 2013, viz.

- i) Chief Executive Officer or Managing Director or Manager;
- ii) Company Secretary;
- iii) Whole Time Director;
- iv) Chief financial Officer; and
- v) Such other officer as may be prescribed.

4.6 “Material Related Party Transaction” as per Regulation 23 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 means a transaction with related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

4.7 “Policy” means Related Party Transaction Policy.

4.8 “Related Party” means related party as defined under section 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 2(76) of the Companies Act, 2013.

4.9 “Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

4.10 “Related Party Transaction” means a transfer of resources, services or obligations between a listed entity 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 transaction in a contract.

4.11 “Relative” means relative as defined under section 2(zd) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 2(77) under the Companies Act, 2013.

APPROVAL OF RELATED PARTY TRANSACTIONS

- (a) The Related Party Transactions should be in conformity with the prevailing rules and regulations prescribed by law.



- (b) All Related Party Transactions shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (c) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved Related Party Transactions may change, provided that arm's length criterion shall be ensured at the time of each such change. Further, where the need for Related Party Transactions cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed one crore rupees
- (d) All Related Party Transactions specified in the Act which are not Ordinary Course of Business of the Company or not at Arm's Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval. Notwithstanding, the Related Party Transactions which cross the Materiality thresholds as defined herein shall be entered by the Company only with prior approval of shareholders of the Company, as per applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.
- (e) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the Related Party Transactions, which are not in accordance with this Policy.
- (f) The Audit committee shall review the details of related party transactions entered into by listed entity at least once in each quarter pursuant to each of the omnibus approvals given.
- (g) SEBI (LODR) Regulations shall be applicable on all prospective Transaction.
- (h) All entities falling under the definition of related party shall abstain from voting irrespective of the whether the entity is a party to the particular transaction or not.
- (i) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit committee or Board or Shareholders:
 - i) Any transactions that involve 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.
 - ii) Any transactions 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.



DISCLOSURES

The Company shall make the following disclosures:

- a. The particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties shall be made in the Director's Report which forms a part of the Company's Annual Report along with the justification for entering into such contract or arrangement.
- b. This Policy shall also be uploaded on the website of the Company and a web link there to shall be provided in the Annual Report.
- c. The details of all material transactions with related parties shall be disclosed on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under Regulation 27(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company.

REVIEW

This Policy shall be reviewed by the Audit Committee and the Board, from time to time as may be necessary.

This Policy will be communicated to all related parties, operational employees and other concerned persons of the Company and also uploaded on the web site of the Company.

