

EXPLEO SOLUTIONS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION

1. Introduction

Expleo Solutions Limited (hereinafter referred to as **EXPLEOSOL** or the **Company**) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company and also provides for materiality of related party transactions.

This Policy is framed based on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

2. Definitions

- 2.1) **“Act”** means the Companies Act, 2013.
- 2.2) **“Regulation 23”** means the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 2.3) **“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.
- 2.4) **“Material Related Party”** shall have the same meaning as defined in Regulation 23. 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 the thresholds specified in Schedule XII of these Regulations **(Refer Annexure -1)**.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- 2.5) **“Relative”** will have the same meaning as defined under Section 2(77) of the Act and includes anyone who is related in any of the following manner:
 - a. Members of a Hindu undivided family;
 - b. Husband or wife;
 - c. Father (including step-father);
 - d. Mother (including step-mother);

- e. Son (including step-son);
- f. Son's wife;
- g. Daughter;
- h. Daughter's husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

2.6) **“Related Party”** shall have the same meaning as defined under Section 2(76) of the Act and/or Regulation 23.

Related Party under Section 2(76) of the Companies Act, 2013, and the rules made thereunder are as follows:

- (i) A Director or his relative
- (ii) A key managerial personnel or his relative
- (iii) A firm, in which a director, a manager or his relative is a partner
- (iv) A private company in which a director or manager or his relative is a member or director
- (v) A public company in which a director and manager is a director and holds along with his relatives, more than two percent 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 or
 - c) An investing company or the venturer of the company

Explanation—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (ix) Such other person as may be prescribed by Central Government.

Explanation : For the purposes of sub-clause (ix) of clause (76) of [section 2](#) of the [Act](#), a director ¹[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.

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 Company 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.

2.7) **“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 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 SEBI.
- d) Acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

- e) Retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities Contract (Regulation) Act, 1956 or any other applicable regulation, as amended.

3. Policy

3.1. Audit Committee

Subject to provisions of Regulation 23, all Related Party Transactions and subsequent material modifications must be reported to the Audit Committee of the Company for its approval and only members of Audit Committee, who are independent directors shall approve the related party transactions. in accordance with this Policy.

A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations.

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group,

shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

Audit Committee may in accordance with the provisions of law, may grant omnibus approval for any related party transaction proposed to be entered into by the listed entity or its subsidiary as it deems fit, and are in the ordinary course of business and satisfy the arm's length basis, subject to the compliance of conditions specified in Regulation 23(3) as follows:

The audit committee:

- (a) shall lay down the criteria for granting the omnibus approval in line with this policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) the omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (iii) such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiaries pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year..

a. Identification of Potential Related Party Transactions

To review the related party transactions, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and / or prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction as per this Policy and under applicable laws requiring compliance with this Policy.

b. Material Modification:

“Material Modification” in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% or more, in the relevant previously approved related party transaction.

c. Review and Approval of Related Party Transactions

Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall not vote to approve the relevant transaction.

While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such transaction, the benefits to the Company and the related party, whether such transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction and any other relevant matters.

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 shall be taken into consideration by the Committee.

3.2. Board of Directors

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory for

any law to approve the Related Party Transaction, then the Board shall consider and approve the related party transactions and the considerations aforesaid shall apply to the review and approval of the matter by the Board of Directors, with such modifications, as may be necessary and appropriate under the circumstances.

Decision regarding transaction in 'Ordinary Course of Business' and on 'Arm's Length Basis'

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, after considering the materials placed before them, judge if the transaction is in the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide whether the transaction is in the ordinary course of business or at arm's length basis or not. In case the Board is not able to arrive at such a decision, the same shall be decided by the Independent Directors, whose decision shall be final.

3.3. Transactions requiring Shareholders Approval

All the Material Related Party Transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of the shareholders through resolution and the related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

Approval from the Audit Committee or Shareholders are not required if the transaction is entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

In case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

4. Related Party Transactions not covered under this Policy.

In the event the Company becomes aware of a Transaction with a Related Party, which is regulated under Regulation 23 or which is not on arm's length basis or not in the ordinary course of business, that has not been approved or is not in accordance with the delegation approved under this Policy, the matter shall be reviewed by the Audit Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the

Committee under this Policy and failure of the internal control systems and shall take any such other action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy subject to the provisions of applicable laws.

5. Transactions covered under this Policy.

The related party transactions which are not covered by the provisions of the Companies Act, 2013 and/or Regulation 23, if any, will not be governed by this Policy.

6. Policy Severable

This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

7. Disclosures

Details of any material-related party transactions shall be disclosed to the stock exchange quarterly, along with the compliance report on corporate governance. The Company shall disclose the Policy on its website and web-link shall be provided in the annual report.

The Company shall submit disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website within prescribed time period.

8. Amendment in Law

Any subsequent amendment / modification in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and / or applicable laws in this regard shall automatically apply to this Policy.

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Amendment Tracker					
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V1.0	Policy on Materiality of Related Party Transaction	Company Secretary and Compliance Officer & Team	Alagar & Team	Board of Directors	Friday, April 5, 2019
V2.0	Policy on Materiality of Related Party Transaction	Company Secretary and Compliance Officer & Team	Eshwar & Team – Secretarial Consultant	Board of Directors	Friday, January 10, 2020
V3.0	Policy on Materiality of Related Party Transaction	Company Secretary and Compliance Officer & Team	Eshwar & Team – Secretarial Consultant	Board of Directors	Friday, July 15, 2022
V4.0	Policy on Materiality of Related Party Transaction	Company Secretary and Compliance Officer & Team	1) Chief Financial Officer 2) Eshwar & Team – Secretarial Consultant	Board of Directors	Thursday, February 06, 2025

V5.0	Policy on Materiality of Related Party Transaction	Company Secretary and Compliance Officer & Team	Chief Financial Officer Eshwar & Team – Secretarial Consultant	Board of Directors	Friday, April 24, 2026.
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