



ABANS FINANCIAL SERVICES LIMITED
(Formerly known as Abans Holdings Limited)

AUTHORIZATION POLICY FOR SALE
AND PURCHASE OF FIXED ASSETS

Abans Financial Services Limited

(Formerly known as Abans Holdings Limited)

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VERSION CONTROL

| Policy Version | Reviewed By | Approved By | Date of Meeting | Adoption/ Review/ Modification |
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INDEX

| Sr. No. | Particulars | Page No. |
|----------------|---------------------------------------|-----------------|
| 1. | Purpose | 4 |
| 2. | Scope | 4 |
| 3. | Definitions | 4 |
| 4. | Responsibilities | 4 |
| 5. | Authorisation Process | 4 |
| 6. | Insurance of Fixed Assets | 5 |
| 7. | Impairment of Fixed Assets | 5 |
| 8. | Physical Verification of Fixed Assets | 6 |
| 9. | Documentation and Record Keeping | 6 |
| 10. | Review of the Policy | 6 |

1. Purpose

To establish a clear and structured process for the authorization of transactions involving the sale and purchase of fixed assets to ensure accountability, compliance, and effective asset management.

2. Scope

This policy applies to all employees and departments involved in the acquisition and disposal of fixed assets within the organization.

3. Definitions

- **Fixed Assets:** Long-term tangible and intangible assets used in the operation of the business, including property, plant, and equipment.
- **Asset Disposal:** The process of selling, scrapping, or otherwise removing fixed assets from the company's records.
- **Purchase Authorization:** The approval process required before acquiring new fixed assets.

4. Responsibilities

- **Finance Department:** Responsible for maintaining fixed asset records and overseeing the authorization process.
- **Department Heads:** Responsible for initiating requests for asset purchases or disposals.
- **Senior Management:** Final approval authority for significant transactions.

5. Authorisation Process

5.1. Purchase of Fixed Assets

- **Threshold Levels:**
 - **Under Rs 500,000:** Department Head approval required.
 - **Rs 5,00,001 – Rs 5,000,000:** Department Head and Finance approval required.
 - **Over Rs 5,000,001:** Department Head, Finance, and Senior Management approval required.
- **Process:**
 - **Request Submission:** Department Head submits a purchase request, including justification and budget impact.
 - **Review:** Finance reviews the request for budget compliance and need
 - **Approval:** Relevant approvals obtained as per threshold levels.
 - **Purchase Order Issuance:** Upon approval, a purchase order is issued.

5.2. Sale of Fixed Assets

- **Threshold Levels:**
 - **Under Rs 500,000:** Department Head approval required.
 - **Rs 5,00,001 – Rs 5,000,000:** Department Head and Finance approval required.
 - **Over Rs 5,000,001:** Department Head, Finance, and Senior Management approval required.
- **Process:**
 - **Disposal Request:** Department Head submits a disposal request, including asset details and reason for disposal.
 - **Assessment:** Finance assesses the asset's value and determines the method of disposal (sale, scrap, etc.).
 - **Approval:** Relevant approvals obtained as per threshold levels.
 - **Execution:** Upon approval, the disposal is carried out, and records updated accordingly.

6. Insurance of Fixed Assets

- All significant fixed assets shall be adequately insured.
- The Finance Department shall keep details of insured assets, including policy details, coverage amounts, and renewal dates.
- Insurance coverage shall be reviewed annually to ensure adequacy based on asset value and risk exposure.
- Any loss or damage to insured assets must be reported immediately to Finance for insurance claim processing.
- Department Heads are responsible for informing Finance about new assets requiring insurance coverage.

7. Impairment of Fixed Assets

- Fixed assets shall be reviewed periodically for indicators of impairment (e.g., damage, obsolescence, decline in utility, or market value).
- If indicators exist, the Finance Department shall assess the recoverable amount of the asset.
- An impairment loss shall be recognized where the carrying amount exceeds the recoverable amount, in accordance with applicable accounting standards.

8. Physical Verification of Fixed Assets

- Physical verification of fixed assets shall be conducted at least once annually.
- The verification shall be coordinated by the respective Department Heads in presence of person nominated by Chief Financial Officers.
- Discrepancies between physical assets and records must be investigated and resolved promptly.

- A verification report shall be prepared, highlighting shortages, damages, or idle assets and impairment if any.
- Any major corrective actions, including write-offs or adjustments, must be approved and documented.

9. Documentation and Record Keeping

All purchase and disposal transactions must be documented and retained for all accounting and statutory purposes. Documentation should include:

- Purchase or disposal request forms
- Approval signatures
- Invoices and receipts
- Asset depreciation schedules (if applicable)

10. Review of the Policy:

This policy is approved by Board of Directors and may be amended as necessary with proper documentation and communication. This policy shall be reviewed annually or whenever significant changes to investment strategy or regulations occur.