



ABANS FINANCIAL SERVICES LIMITED

(Formerly known as Abans Holdings Limited)

POLICY ON DETERMINING MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

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Abans Financial Services Limited

(Formerly known as Abans Holdings Limited)

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POLICY ON DETERMINING MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

I. PREAMBLE

The Board of Directors (the “Board”) of the Company recognizes the importance of stakeholders’ interest and their trust in the Company. To uphold this confidence and ensure a transparent mechanism that avoids potential or actual conflict of interest in transactions with related parties, the Board has adopted a policy for determining materiality and dealing with related party transactions (the “Policy”). The Board will review and may amend this policy from time to time.

This Policy is framed keeping in fore the best interests of its stakeholders and the Corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and also the Companies Act, 2013 (the Act), as amended from time to time.

II. OBJECTIVE

The objective of the policy is to:

- a. Regulate transactions between the Company vis-à-vis its related parties with a view to ensuring that such transactions are executed on an arm’s length basis, in the regular course of business and transparently and fairly.
- b. Seek necessary approvals of the Audit Committee/Board/Shareholders, as may be necessary, after providing necessary information to them in the prescribed manner.
- c. Outline the procedures for identification, review, disclosure and reporting of such transactions.

III. DEFINITIONS

“**Audit Committee**” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and the SEBI LODR Regulations.

“**Board**” means Board of Directors of the Company.

“**Company**” means “Abans Holdings Limited”

“**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013.

“**Key Managerial Personnel**” (KMP) means a person as defined in Section 2(51) of the Companies Act, 2013.

“**Policy or This Policy**” means, “Policy on Policy on Determining Materiality of and Dealing with Related Party Transactions”

“**Related Party**” means any person as defined under Section 2(76) of the Companies Act, 2013, Regulation 2(1)(zb) of SEBI LODR Regulations, or any person as defined under applicable accounting standards.

“**Related Party Transaction**” means any transaction or set of transactions with related party/parties as defined under Section 188 of Companies Act, 2013, Regulation 2(1)(zc) of SEBI LODR Regulations, or as defined under applicable accounting standards.

“**Material Modification**” means the following:

- Any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

- The terms of the contract cease to be at arm's length
- Granting of any waiver, abatement or any other relief to either party, which results into a financial implication equal to 25% or more of the value of the contract.
- Extension of tenure of the contract by more than 2 years over the original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances.

“**Relative**” means a relative referred to in Regulation 2(1)(zd) of SEBI LODR Regulations, under Section 2(77) of the Companies Act, 2013 and rules prescribed there under.

“**Ordinary Course of Business**” includes but not limited to a term for activities that are necessary, normal, and incidental to the business. The ordinary course of business covers the usual transactions, customs and practices related to the business. The following factors are indicative of a transaction being in the ordinary course of business:

- The objects clause of Memorandum and the Articles of Association of the Company permit such activity
- The transaction is normal or otherwise unremarkable for the business
- The transaction is frequent/regular or is as per the industry practice.

These are not exhaustive criteria, and the Company will have to assess each transaction considering its specific nature and circumstances.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI LODR Regulations and/or any other SEBI Regulation(s) as amended from time to time.

V. MATERIALITY THRESHOLDS

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, exceed the thresholds specified under Schedule XII of the SEBI (LODR) Regulations, as determined based on the listed entity's last audited consolidated turnover. Specifically, the thresholds under Schedule XII are as follows:

Consolidated Turnover of the Company as per last audited financial statements	Threshold
Up to Rs. 20,000 Crores	10% of the annual consolidated turnover of the Company
More than Rs. 20,000 Crores and upto Rs. 40,000 Crores	Rs. 2,000 Crores + 5% of the annual consolidated turnover of the Company above Rs. 20,000 Crores
More than Rs. 40,000 Crores	Rs. 3,000 Crores + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 Crores or Rs. 5000 Crores, whichever is lower.

However, in respect to, 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 (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.

VI. MANNER OF DEALING WITH MATERIAL RELATED PARTY TRANSACTION

All Material Related Party Transactions shall be placed for prior approval of shareholders through a Resolution. However, the Material Related Party Transactions entered into between the Company and its wholly-owned subsidiaries shall not require prior approval of the shareholders.

VII. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every director and KMP shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Act, and the rules thereunder.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) who would in turn take necessary steps to place the same before the Audit Committee.

All Directors, and KMPs are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence in Form MBP-1. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.

In addition, all Directors, Senior Management Personnel and KMPs are responsible for giving notice to the Company Secretary of any potential Related Party Transaction involving them or their Relatives.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee.

VIII. MANNER OF DEALING WITH AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of related party transactions by Audit Committee

Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee. Members of the Audit Committee, who are independent directors, shall approve related party transactions.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Prior approval of the Audit committee shall be required for:

a. All RPTs and subsequent Material Modifications;

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 SEBI (LODR) regulations

Note: If such subsidiary does not have audited financial statements for a period of at least one year, then point (i) will be substituted with “ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary”.

b. 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 SEBI LODR are applicable to such listed subsidiary.

c. A related party transaction entered by the Company, which is not under omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

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

The Audit Committee shall consider the following while determining approval to related party transactions:

- (a) Nature of relationship with the related party;
- (b) Nature, duration, material terms, monetary values, and particulars of the contract or arrangement;
- (c) Any advance paid or received for the contract or arrangement, if any;
- (d) The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
- (e) Whether the transaction is in the ordinary course of business and at arm's length basis; and
- (f) Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.
- (g) It shall be ensured that minimum information as required under the Companies Act, 2013 and rules

made thereunder, SEBI (LODR) Regulations, Industry Standards and SEBI circulars/guidelines issued in connection with the Related Party Transaction is placed before the Audit Committee/board & Shareholders, as may be applicable.

Omnibus approval for related party transactions

The Audit Committee may grant omnibus approval for related party transactions (except for transactions in respect of selling and disposing of the undertaking of the Company) and such approval shall be applicable in respect of transactions that are repetitive in nature within the approved monetary value per financial year.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

1. The Audit Committee shall grant omnibus approval as per following criteria:
 - i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
 - ii. The omnibus approval shall provide:
 - a. the name/s of the related party, nature of the transaction, period of the transaction;
 - b. the maximum amount of transactions that can be entered into;
 - c. the basis for arriving at the contracted price as per the Company's standard operating procedure;
 - d. The specific reason for entering into a contract with the related party (e.g. proximity to the plant, preference of the OEM, quality of service/ product delivered);
 - e. Any other information relevant or important for the Audit Committee to take a decision.
 - iii. However, in case of unforeseen and unplanned related party transactions, Audit Committee may grant omnibus approval provided the value does not exceed ₹ 1 Crore per transaction.
2. Audit Committee shall review, at least on a quarterly basis, details of related party transactions entered into by the Company juxtaposing them against each of the omnibus approval given.
3. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
4. Omnibus approval shall not be granted in respect of selling and disposing of the whole or part of the undertaking of the Company.

B. Approval of RPTs by Committee through Resolution by Circulation:

In an unforeseen event where an RPT needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such RPT by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

C. Approval by the Board of Directors:

In accordance of provisions of Section 188 of the Act all related party transactions specified under the said section and which are not in the ordinary course of business or are not at arm's length shall be required to be placed before the Board for it's approval. The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction.

On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

In addition to the above, transactions meeting the materiality thresholds laid down in the Policy and any subsequent Material Modification to a Material Related Party Transaction, which are intended to be placed before the shareholders for approval.

D. Approval by the Shareholders of the Company

All transactions with a single related party to be entered into individually or taken together with previous transactions during a financial year exceeds the thresholds as specified in clause VIII (A)(a)(ii) of this policy of the Company and any material modifications will require approval through shareholders' resolution.

In addition to the above, the following transactions which are not in the ordinary course of business or are not at arm's length shall require approval by way of shareholders' resolution.

Details of transactions to be entered individually or taken together during a financial year	Minimum threshold requiring Shareholders Approval
Sale, purchase or supply of any goods or material directly or through the appointment of an agent	10% or more of the turnover of the company
Selling or otherwise disposing of, or buying, property of any kind directly or through the appointment of an agent	10% or more of the networth of the company
Leasing of property of any kind	10% or more of the turnover of the company
Availing or rendering of any services directly or through the appointment of an agent	10% or more of the turnover of the company
Appointment of related party to any office or place of profit in the company, its subsidiary companies, or associate companies at a monthly remuneration	Exceeding Rs.2,50,000/- pm
Remuneration for underwriting the subscription of any security or derivatives thereof of the company	Exceeding 1% of the net worth of the company

The turnover or net worth shall be based on the Company's audited financial statements of the preceding financial year.

Further, if a Related Party Transaction is (i) a material transaction as per Regulation 23 of the SEBI LODR Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

Provided that the 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

Provided further that in case of 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.

IX. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL (DEEMED APPROVAL)

Any transaction 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, including following:

- 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 Company 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) Transactions in the ordinary course of business, arm's length basis with wholly owned subsidiaries and transactions entered into between two wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval

- d) Any transaction 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.
- e) Allotment of Share Based Incentive Plans including ESOPs/ESOS/RUs undertaken pursuant to the provisions of Companies Act and applicable SEBI Regulations, for the benefits of the Directors or KMP pursuant to the schemes approved by Shareholders, approval of the Board and/or Nomination, Remuneration & Compensation Committee of the Company, as may be applicable
- f) Transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
 - i. Transaction(s) done in ordinary course of business at arm's length;
 - ii. Receipt of remuneration by way of sitting fees and commission;
 - iii. Re-imburement of expenses for attending board and other meetings.
- g) Corporate restructuring activities involving related parties, undertaken pursuant to the provisions of Companies Act applicable SEBI regulations.

X. DISCLOSURES

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

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 i.e. along with the financials and also publish the same on its website.

The Company shall disclose policy on dealing with Related Party Transactions on its website.

Further, please note appropriate disclosures as required under the Act, Industry Standards and the SEBI LODR Regulations shall be made in the Annual Return, Directors' Report and to the Stock Exchanges.

XI. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

- a) In case of an event the Company becomes aware of any RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practical before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification. Any transaction carried out without appropriate approval of the Audit Committee in accordance with this policy will be reviewed by it.
- b) The Audit Committee shall examine the facts and circumstances pertaining to failure to report and any failure of the systems. The Committee shall take such action as it deems appropriate, including ratification, revision or termination of such related party transaction.
- c) The Audit Committee may require further approval of the Board or Shareholders, if necessary.

XII. POLICY REVIEW

The Policy shall be reviewed by the Audit Committee and Board of Director as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any amendments or modification in the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Such amendment/ modification shall be effective from date of approval/ review or such date that the Audit Committee/ Board may notify in this behalf. Provided that this policy shall be reviewed by the board of directors annually and updated accordingly.

XIII. AMENDMENTS

Any changes in the Policy on account of regulatory requirements will be reviewed and recommended by the Audit Committee and the Board. The Audit Committee/Board will give suitable directions / guidelines to implement the same.

XIV. REGISTERS, DISCLOSURES AND REPORTING

All the Directors and KMP from time to time as prescribed under the Act, shall be required to make appropriate disclosure to the company under the Act the particulars relating to his/her concern or interest in any company, or companies or bodies corporate, firms, or other associations of individuals.

The company shall keep and maintain a register, physically or electronically, as may be decided by the board of directors, giving separately the particulars of all contracts or arrangements to which the policy applies.

Appropriate disclosures as required under the Act, the SEBI LODR Regulations and the Accounting Standards, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company as part of the Board's Report.

XV. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the SEBI LODR Regulations / the Act or any other statutory enactments, rules, the provisions of such SEBI LODR Regulations/ the Companies Act or statutory enactments, rules shall prevail over this Policy.

XVI. DISSEMINATION OF POLICY

This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned persons of the Company.

This Policy will also be uploaded on the website of the Company namely, <https://abansfinserv.com/>
