



## **ABANS FINANCIAL SERVICES LIMITED**

**(Formerly known as Abans Holdings Limited)**

### **POLICY ON DETERMINING MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS**

<b>Approved by</b>	<b>Board of Directors on 12-07-2021</b>
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<b>Reviewed by</b>	<b>Board of Directors on 29-05-2024</b>

**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 (Listing 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 Listing 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) Chief Executive Officer or the Managing Director or the Manager;
- b) Company Secretary and
- c) Chief Financial Officer.

**“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, 2015 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, 2015 or as defined under applicable accounting standards.

**Material Modification** [“Material Modification” in terms of SEBI LODR means 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.]

#### **IV. INTERPRETATION**

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

#### **V. POLICY AND PROCEDURE**

##### **POLICY**

All Related Party Transactions [where the Company is a party to such transactions], must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

##### **PROCEDURES**

##### **IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Every director 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, Members of the Management Committee and Key Managerial Personnel (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. 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, Members of the Management Committee 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.

#### **VI. 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, exceeds 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

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 5 % of the annual consolidated turnover of the of the Company as per its last audited financial statements.

## **VII. 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.

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

### **A. 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;

b. RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

c. with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, 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 annual standalone turnover, as per the last audited financial statements of such subsidiary.

*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.]*

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.

### **B. By Board of Directors:**

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, 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.

### **C. Approval of the Board and the Shareholders**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing 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.

## **IX. TRANSACTIONS WHICH DO NOT REQUIRE 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.]

## **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 with the following timelines: within 15 days from the date of publication of financials;

Simultaneously with the financials w.e.f. April 1, 2023]. and also publish the same on its website.

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

## **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

- a) 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.

## **XI. 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 changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

## **XII. 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.

**Revised and approved by the Board wef 29<sup>th</sup> May, 2024**

### **XIII. 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 Listing 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.

### **XIV. COMMUNICATION**

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 be uploaded on the website of the Company namely, [www.abansholdings.com](http://www.abansholdings.com). The provisions of this Policy can be amended/modified by the Board of Directors of the Company from time to time and all such amendments/modifications shall take effect from the date stated therein.