



ABANS HOLDINGS LIMITED

(Formerly Known as Abans Holdings Pvt. Ltd.)

POLICY ON DETERMINING MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

(Adopted on 12th July, 2021)

Abans Holdings Limited

(Formerly Known as Abans Holdings Pvt. Ltd.)

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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 (Formerly Known as Abans Holdings Pvt. Ltd.)”

“**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.

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. 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.

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

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.

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

A. Approval of related party transactions by Audit Committee

All related party transactions should be referred to the Audit Committee of the Company for approval irrespective of its materiality, except for transactions entered into between the holding company and its wholly-owned subsidiaries. The Audit Committee shall also approve any subsequent modification(s) to related party transactions.

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.

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.

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 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 its approval.

C. Approval of the Shareholders of the Company

1. All transactions with a single related party during a financial year aggregating to more than 10% of the last annual consolidated turnover of the Company will require approval of through shareholders' resolution.
2. 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			
	Annual Turnover exceeding	Net Worth exceeding	Value of transaction(s) exceeding	Criteria
Sale, purchase or supply of any goods or material directly or through the appointment of an agent	10%	-	Rs. 100 Crore	Whichever is lower
Selling or otherwise disposing of, or buying, property of any kind directly or through the appointment of an agent	-	10%	Rs. 100 Crore	Whichever is lower
Leasing of property of any kind	10%	10%	Rs. 100 Crore	Whichever is lower
Availing or rendering of any services directly or through the appointment of an agent	10%	-	Rs. 50 Crore	Whichever is lower
Appointment to any office or place of profit in the company, its subsidiary companies, or associate companies at a monthly remuneration	-	-	Remuneration Rs. 2.5 Lakh per month	-
Remuneration for underwriting the subscription of any security or derivatives thereof of the company	-	1%	-	-

The approval of shareholders will not be required for transactions entered into between the holding company and its wholly-owned subsidiaries.

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

IX. 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.

X. 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.

XI. 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.

XII. 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. 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.