



# **ABANS FINANCE PRIVATE LIMITED**

## **RELATED PARTY TRANSACTIONS POLICY**

<b>Version</b>	<b>Adoption/Amended</b>	<b>Authority</b>	<b>Date</b>
<b>I</b>	<b>Adoption</b>	<b>Board of Directors</b>	<b>April 4, 2025</b>

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## **I. POLICY STATEMENT AND PURPOSE**

**Abans Finance Private Limited** ('AFPL' or 'the Company') is a Material subsidiary of Abans Financial Services Limited. From March 31, 2024, it has been categorized as a Middle-Layer NBFC (NBFC-ML). The purpose of this Policy is to comply with all applicable regulatory requirements and maintain the highest standards of corporate governance, risk management, and ethical conduct.

This Policy on Related Party Transactions ("Policy") is framed in accordance with, the Companies Act 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 and Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 and all applicable regulatory frameworks.

## **II. SCOPE**

This Policy shall apply to all transactions entered into by the Company with its Related Parties, except those transactions which are undertaken in the ordinary course of business and other than transactions which are not on an arm's length basis.

## **III. OBJECTIVES**

Related Party Transactions may lead to situations involving actual or perceived conflicts of interest, potentially compromising the interests of the Company. This Policy has been established to provide a framework for identifying, reviewing, and regulating such transactions, thereby ensuring transparency, fairness, and compliance with applicable laws and corporate governance standards.

## **IV. DEFINITION**

The definitions set forth herein shall be interpreted in accordance with the applicable provisions and shall be deemed to include any modifications, amendments, substitutions, or re-enactments thereof, as may be in force from time to time.

- a) **"Act"** means the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof.
- b) **"Arm's Length Basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. (Explanation (b) to Section 188(1) of the Act)
- c) **"Audit Committee"** shall have the same meaning as defined under the Companies Act, 2013.
- d) **"Board of Directors"** or **"Board"** means the Board of Directors of Abans Finance Private Limited (AFPL/ Company), as constituted from time to time.
- e) **"Company"** or **"AFPL"** means Abans Finance Private Limited.

- f) **“Ordinary Course of Business”** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per its Memorandum & Articles of Association.
- g) **“Related Party”** with reference to the Company, means an entity were
- i. Such entity is a Related Party as defined under Section 2(76) of the Companies Act, 2013 or:
  - ii. Such entity is a related party as defined under Indian Accounting Standard (IND AS) 24 issued by the Ministry of Corporate affairs, Government of India.
- h) **“Related Party Transaction”** means a transaction between the Company and a Related Party which transaction is of the nature specified in sub-clause (a) to (g) of Section 188(1) of the Companies Act, 2013.

## **V. APPROVAL PROCESS**

The Company shall not enter any contract or arrangement with a related party in respect of matters specified under Section 188(1) of the Companies Act 2013 which are not in the ordinary course of business and / or not an arms’ length basis, without obtaining:

- Prior approval of the Board of Directors by way of a resolution at a meeting of the Board; and
- Prior approval of the shareholders by resolution, if the transaction meets the criteria specified in Section 188(1) of the Companies Act 2013 read with the Companies (Meetings of Board and its Powers) Rules.

If any Related Party Transaction is entered into without the required approvals, such transaction must be ratified by the Board and, where applicable, by the shareholders within three months from the date of entering the contract or arrangement. Failing such ratification, the contract or arrangement shall be voidable at the option of the Board of Directors.

## **VI. TRANSACTIONS NOT COVERED UNDER SECTION 188 OF THE COMPANIES ACT, 2013**

Any Related Party Transaction that is not specified under Section 188(1) of the Companies Act, 2013, and which is neither undertaken in the ordinary course of business nor on an arm’s length basis, but has been entered into by the Company, shall be placed before the Audit Committee and the Board of Directors for ratification within a period of three months from the date of such transaction. If the transaction is not ratified within the stipulated timeframe, it shall be voidable at the discretion of the Board.

**VII. ROLE OF THE AUDIT COMMITTEE**

The Audit Committee is responsible for reviewing Related Party Transactions, including financial information/statements, before submission to the Board of Directors. The Committee shall ensure that all Related Party Transactions are in compliance with this Policy and applicable laws.

**VIII. DISCLOSURE REQUIREMENTS**

All Related Party Transactions covered under this Policy and entered by the Company shall be disclosed in the Board's report to shareholders, as required under Section 188 of the Companies Act 2013 and relevant rules.

**IX. AMENDMENT**

The Board of Directors of the Company reserves the power to review and amend this Policy from time to time, subject to revision / amendment in accordance with applicable laws as may be issued by relevant statutory, governmental and regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.