



# **ABM KNOWLEDGEWARE LIMITED**

## **POLICY ON RELATED PARTY TRANSACTION**

### **PREAMBLE**

The Board of Directors (the “Board”) of ABM KnowledgeWare Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee. This policy is framed in compliance with the requirements of Section 188 of Companies Act, 2013 read with the Rules made there under and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 including any amendment thereof, from time to time. This policy is updated and comes into effect from 13<sup>rd</sup> February, 2025.

### **DEFINITIONS**

All terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Companies Act, 2013 and the Rules framed thereunder the SEBI Listing Regulations as amended from time to time.

### **POLICY**

The Related Party Transaction Policy is formulated and aimed to identify related party transactions and the manner of dealing with such transactions.

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

All directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their relatives) in other companies, firms and concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and an arm's length basis.

The Company may require any additional information on any such potential Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters well in

advance so that the Audit Committee/Board has adequate time to obtain any further approval/s necessary for the proposed transaction.

All Related Party transactions and subsequent material modifications shall require prior approval of Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

A transaction with related party shall be considered material only if the transaction(s) exceed the prescribed limit as defined under sub-regulation (1) and (1A) of regulation 23 of the Listing Regulations. Any other threshold limits / amendment to the aforementioned threshold limits as may be prescribed under the Listing Regulations or Companies Act, 2013 from time to time shall be applicable.

A Related Party Transactions to which the Subsidiary of the company is a party but Company is not a party, shall require prior approval of audit committee of the company if the value of such transaction whether entered into individually or taken together with previous transaction during the financial year **exceeds ten per cent of the annual Standalone turnover**, as per the latest audited financial statements of the Company.

Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

The Audit Committee may consider the following factors, amongst others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis and do not conflict with the interests of the Company and whether they would apply on a similar basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and nature of alternative transactions, if any;
- Whether the Related Party Transaction affects the independence of an independent director;
- Whether the proposed transaction includes any potential risk issues to the reputation of Company and management as a result of or in connection with the proposed transaction;

#### **STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval to the Company/ or its Subsidiary. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into

- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

However, in case of related party transactions which cannot be foreseen and where the above details are not available the audit committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

#### **RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

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 matter shall be reviewed by the Audit Committee which shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts, circumstances and reasons pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

#### **APPROVAL OF THE BOARD FOR REPORTED RELATED PARTY TRANSACTIONS:**

Consent of the Board would be taken in respect of all reported related party transaction, except in the cases where the reported transactions entered into by the Company in its ordinary course of business and are on an arm's length basis.

Any member of the Board who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

#### **APPROVAL OF THE SHAREHOLDERS FOR REPORTED RELATED PARTY TRANSACTIONS:**

All reported Material Related Party Transactions along with subsequent material modifications shall be placed before the shareholders for seeking their prior approval through resolution. The following materiality threshold shall apply for the Material Related Party Transactions and subsequent Material Modification for the purpose of Companies Act, 2013 and SEBI Listing Regulations:

1. Transaction with a Related Party cover under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules 2014, shall be governed by the respective limits provided under the said rules.
2. Transactions with a Related Party as defined under the SEBI Listing Regulations,

materiality threshold shall be as per limits specified under the SEBI Listing Regulations, 2015 as amended from time to time.

3. For payment to a Related Party with respect to brand usage or royalty, materiality threshold shall be as per limits specified under the SEBI Listing Regulations as amended from time to time.
4. Modification to a Material Related Party transaction shall be considered as Material Modification, if there are major variation in the terms of agreement with existing Related Parties or changes in the regulatory framework affecting the pricing guidelines of Related Party Transactions or change to the extent of 20% higher than the existing limits as approved by the Audit Committee. The Audit Committee of the Company shall have the final authority in deciding the materiality of modification to Related Party Transactions.

However, requirements of approval of the shareholders for reported Related Party Transactions shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **DISCLOSURE:**

Every reported Related Party Transactions shall be disclosed in the following manner:

- In the Directors' report along with proper justification for entering into such contract or arrangement.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The policy shall be disclosed on the company's website at [www.abmindia.com](http://www.abmindia.com) and a web link thereto shall be provided in the Annual Report. This policy will be communicated to all Directors and Key Managerial Personnel of the Company.

#### **HALF YEARLY DISCLOSURE:**

The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

#### **AMENDMENT:**

The Board of Directors on its own and /or as per recommendation of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, notifications etc. on the subject as may be issued by relevant statutory authorities from time to time.

In case any amendments, clarifications, circulars etc. issued by the relevant authorities not

being consistent with the provisions laid down under this policy, then such amendments, clarifications, circulars etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendments, clarifications, circulars etc.

This Policy shall be reviewed by the Board of Directors at least once in every three years and updated accordingly.