



ABM KNOWLEDGEWARE LIMITED

ABM House, Plot No. 268, Linking Road, Bandra (w), Mumbai – 400050

Tel: +91-+22-42909700, Fax: +91-+22-42909701

Email: egovernance@abmindia.com www.abmindia.com CIN: L67190MH1993PLC113638

POLICY ON RELATED PARTY TRANSACTIONS

1. 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 and Clause 49 of the Listing Agreement with the Stock Exchange.

This policy applies to transactions between the Company and one or more of its Related Parties.

2. DEFINITIONS

“**Audit Committee**” means “**Audit Committee**” constituted by the Board of Directors of the Company under provisions of Listing Agreement and Companies Act, from time to time.

“**Board of Directors**” or “**Board**” means the Board of Directors of ABM KnowledgeWare Limited, as constituted from time to time.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013

1. Managing Director, or Chief Executive Officer or Manager and in their absence a Whole-Time Director;
2. Company Secretary; and
3. Chief Financial Officer.

“Policy” means Related Party Transaction Policy.

“**Related Party**” means a person or entity that is related to the Company. Parties are related if one party has the ability to control the other party or exercise significant influence over the other party directly or in directly in making the financial and/or operating decisions and includes:

1. A person or a close member of that person’s family is related to a company if that person is



(a) a related party under Section 2(76) of the Companies Act, 2013 which are as follows;

i. a director or his relative;

ii. a key managerial personnel or his relative;

iii. a firm, in which a director, manager or his relative is a partner;

iv. a private company in which a director or manager is a member or director;

v. a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;

vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii. any company which is—

a) a holding, subsidiary or an associate company of such company; or

b) a subsidiary of a holding company to which it is also a subsidiary;

ix. Such other persons as may be prescribed – Director or Key Managerial Personnel of the holding company or his relative, shall be deemed to be related party.

(b) has control or joint control or significant influence over the company; or

(c) is a key management personnel of the company or of a parent company

2. An entity is related to a company if any of the following conditions applies:

a) The entity is a related party under Section 2(76) of the Companies Act, 2013; or

b) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or

c) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or

d) Both entities are joint ventures of the same third party; or

e) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or

f) The entity is for a post-employment benefit Plan, for the benefit of employees of the company or an entity related to the company. If the company is itself for such a Plan, the sponsoring Employers are also related to the company; or

g) The entity is controlled or jointly controlled by a person identified in (1).

h) A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity).

“Related Party transactions” in terms of Companies Act 2013 means any contract or arrangement with a related party with respect to:

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company and
- g) underwriting the subscription of any securities or derivatives thereof of the company

“Relative” a relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father);
- iv. Mother (including step-mother);
- v. Son (including step-son);
- vi. Son’s wife;
- vii. Daughter;
- viii. Daughter’s husband;
- ix. Brother (including step-brother);
- x. Sister (including step-sister)

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“Material Related Party Transaction” means A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover of the company as per the last audited financial statements or such other applicable threshold limit as provided by law from time to time.

3. POLICY

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

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each director and Key Managerial Personnel is 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 Board/Audit



Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during the discussion on the subject matter of the resolution relating to such contract or arrangement and shall abstain from voting.

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 shall require prior approval of Audit Committee. 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 donot 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;

Further, all Material Related Party Transactions shall require prior approval of the shareholders through special resolution. Where any contract or arrangement is entered into by a Director or any other employee without obtaining prior consent of Board and approval of shareholders in general meeting, it shall be ratified by the Board or shareholders within three months from the date on which such transaction or arrangement was entered into.

No Member who is a Related Party to the transaction shall vote on such resolutions.

Details of all material transactions with related parties shall be disclosed quarterly along with the Compliance Report on Corporate Governance.

5. 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. 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.

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.

6. 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.

7. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

8. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be placed on the website of the Company at www.abmindia.com.