



CIN: U74101UP2011PLC047839

RELATED PARTY TRANSACTIONS POLICY

1. PREAMBLE:

Related Party Transactions may give rise to actual or potential conflicts of interest and, therefore, require appropriate governance, transparency, and oversight to ensure that such transactions are undertaken in the best interests of the Company and its shareholders.

In accordance with the provisions of the Companies Act, 2013 ("Act"), read with the rules made thereunder, and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, the Board of Directors of Abacus Lifestyle Brands Limited (Formerly known as Abacus Lifestyle Brands Private Limited) ("Company") has adopted this Policy on Related Party Transactions ("Policy").

2. OBJECTIVE:

The objective of this Policy is to establish a framework for the identification, review, approval, monitoring, and reporting of Related Party Transactions entered into by the Company in accordance with the provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Accounting Standards, and other applicable laws, rules, and regulations. This Policy is intended to ensure that all Related Party Transactions are undertaken in a fair, transparent, and ethical manner, are in the ordinary course of business and on an arm's length basis, wherever applicable, and are in the best interests of the Company and its shareholders.

3. DEFINITIONS:

"Act" means the Companies Act, 2013;

"Arms- Length Transactions" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest;

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities which the Company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

"Policy" means All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Audit Committee in accordance with this Policy.

"Relative" with reference to a Director or KMP mean persons as defined in Section 2(77) of the Act and rules prescribed there under;

"Related party" have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

"Related party Transactions" have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations including but not limited to the following:

a. Sale, purchase or supply of any goods or materials;

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- 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;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company.

"Material Related Party Transactions" means a transaction with a related party if transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower;

"Key Managerial Personnel" or **"KMP"** shall have the meaning as defined in the Companies Act, 2013. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4.MANNER OF DEALING WITH RELATED PARTY TRANSACTION:

Identification of Related Parties

The Company shall identify, maintain, and periodically update the list of Related Parties in accordance with the provisions of Section 2(76) of the Companies Act, 2013, read with the rules made thereunder, and Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Identification of Related Party transactions

The Company shall identify Related Party Transactions in accordance with the provisions of Section 188 of the Companies Act, 2013, read with the rules made thereunder, and Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The Company shall evaluate whether a Related Party Transaction is entered into in the ordinary course of business and on an arm's length basis, taking into account the nature, terms, and commercial substance of the transaction. Where considered necessary, the Company may obtain the opinion of external experts or independent professionals to assist in such determination.

5.PROCEDURE FOR OMNIBUS APPROVAL OF RELATED PARTY TRANSACTION:

All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely:-

(1) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-

- a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- b) the maximum value per transaction which can be allowed;
- c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made.
- e) transactions which cannot be subject to the omnibus approval by the Audit Committee.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: –

- a) repetitiveness of the transactions (in past or in future);
- b) justification for the need of omnibus approval.

The Audit Committee shall satisfy itself for transactions of repetitive nature and that the company.

The omnibus approval shall contain or indicate the following: –

- a) name of the related parties;
- b) nature and duration of the transaction;
- c) maximum amount of transaction that can be entered into;
- d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

6. APPROVAL OF BOARD OF DIRECTORS OF THE COMPANY:

As per the provision of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;
- d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

7. APPROVAL OF THE SHAREHOLDERS OF THE COMPANY:

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for their approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

8. STANDARDS FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee, Board or the Shareholders, as the case may be, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- (d) Whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (e) Whether the transaction with the Related Party is proposed to be, or was, entered on an Arms' length basis;
- (f) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (g) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of an alternative transaction, if any;
- (h) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction.
- (i) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;
- (j) Whether the Company was notified about the Related Party Transaction before its commencement, and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- (k) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the director or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee/Board deems relevant.
- (l) Required public disclosure, if any; and
- (m) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/ Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

9. DETERMINATION OF ORDINARY COURSE OF BUSINESS:

"In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, the providing of guarantees or collateral, in the normal routine of managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its

continuity, carried out in a normal, organised manner, to determine what is in the ordinary course of business.

10. DETERMINATION OF ARMS' LENGTH NATURE OF THE RELATED PARTY TRANSACTION:

1. Price Determination:

At the time of determination of the arms' length nature of the price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms' length pricing as per Applicable Law, including such prices where the benefits of safe harbour are available under Applicable Law.
- (ii) For the said purposes, the Audit Committee shall be entitled to rely on professional opinion in this regard.

2. Underwriting and Screening of arms' length Related Party Transaction:

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening /selection criteria/ underwriting standards and procedures as may be applicable in the case of an unaffiliated party.
- (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

11.DISCLOSURES:

- (a) The Company is required to disclose Related Party Transactions in the Company's Board Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly, along with the Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- (c) The Company is also required to disclose this Policy on its website and in the Annual Report of the Company.

12. REVIEW OF THE POLICY:

This Policy shall be reviewed by the Board of Directors of the Company from time to time, based on the recommendations of the Audit Committee, to ensure its continued compliance with the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, rules, regulations, and statutory amendments. Any modification or amendment to this Policy shall be effective only upon approval by the Board of Directors.

On and behalf of the Board of Directors
For, Abacus Lifestyle Brands Limited
(Formerly known as Abacus Lifestyle Brands Private Limited)



Sunit Kumar Mishra
Managing Director
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