POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

AND DEALING WITH RELATED PARTY TRANSACTIONS

1. Purpose of this policy

a. ABH Healthcare Limited ("the Company") is engaged in the business of providing healthcare and allied medical services, either directly or through its subsidiaries. In the ordinary course of its business, the Company may enter into transactions with Related Parties to meet its business objectives. The Company is committed to maintaining the highest standards of ethics, corporate governance and transparency in all its business activities, including Related Party Transactions. The Company shall ensure that all Related Party Transactions are undertaken in the best interests of the Company, on appropriate commercial terms and without allowing the relationship with any Related Party to influence the terms or decision-making relating to such transactions.

b. The Companies Act 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') as amended from time to time, prescribe comprehensive regulatory framework governing Related Party Transactions. The Act and the SEBI LODR also require companies, to adopt comprehensive policy for materiality of Related party transactions and dealing with Related Party Transactions.

c. In the above context and on the recommendation of the Audit Committee, the Board of Directors of the company has adopted this Policy for materiality of Related party transactions and dealing with Related Party Transactions ('the Policy').

d. The Policy *inter-alia* encompasses process for identification of Related Parties, procedure for entering into Related Party Transactions, approvals at various levels, criteria for granting omnibus approval by the Audit Committee, defining material modifications, disclosures and reporting obligations, etc.

2. Definitions

2.1 **"Act"** means companies act, 2013 and rules made thereunder.

2.2 **"Applicable Law"** includes (a) the Act and rules made thereunder, as amended from time to time; (b) the SEBI LODR, as amended from time to time; (c) any other statute, law, standards, regulations or other governmental circulars, notifications or instructions (including circulars, notifications and guidance issued by the Securities and Exchange Board of India from time to time) relating to Related Party Transactions as may be applicable to the Company.

2.3 **"Arm's length transaction"** means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

2.4 **"Material Modification"** means a change of more than 10% in approved price, pricing formula or value of the Related Party Transaction.

2.5 "**Material Related Party Transaction**" means a transaction with a Related Party which is defined as 'material' under Regulation 23 of the SEBI LODR.

2.6 **"Ordinary Course of Business"** shall include those transactions that satisfy any of the following criteria:

I. Carried out in the normal course of business of the Company and can be reasonably, envisaged to be pursuant to, or incidental to the objects specified in the Memorandum of Association of the Company (as amended from time to time), or it is required to undertaken to conduct the routine or usual transactions of the Company or has any connection with the normal business of the Company; or

II. Transactions which are incidental, ancillary or routinely undertaken in connection with the business of hospitals, healthcare institutions and allied medical services and other support services necessary for the operation of hospitals and healthcare facilities, and without which the business or operations of the Company may be adversely affected.

2.7 "**Related Party**" means a person or an entity defined as related party under the Act or SEBI LODR.

2.8 **"Related Party Transaction or RPT"** means a transaction defined as a related party transaction under the Act or SEBI LODR.

2.9 "**Relative**" is any person as defined under Section 2(77) of the Act and rules prescribed thereunder.

Explanation: Any words / terms used in the Policy but not defined herein shall have the same meaning ascribed to it, in the Act or rules made thereunder, the SEBI LODR, the Indian Accounting Standards or any other relevant legislation / law applicable to the Company.

3. Review and approval of Related Party Transactions

3A. Approval of the Audit Committee

3.1 All RPTs between the Company and its Related Parties, and any modifications therein, shall require prior approval of the Audit Committee.

3.2 RPTs above rupees one crore to which a subsidiary of the Company is a party, but the Company is not a party ('Other RPTs'), shall require prior approval of Audit Committee of the Company, if the value of the transaction (whether entered into individually or taken together with previous transactions, during a financial year) exceeds the lower of the following:
(i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
(ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI LODR.

3.3 Remuneration and sitting fees paid by the company 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 in terms of the provisions of regulation 23 (1) of SEBI Listed regulation.

3.4 The Audit Committee may grant omnibus approval for the RPTs, which are routine and repetitive in nature and which satisfy the criteria for omnibus approvals, as prescribed under the Act or the SEBI LODR.

3.4 Where the need for the RPT cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

3.5 Such omnibus approval shall be based on the criteria specified in clause 4 of this Policy.

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

3.7 In case the Audit Committee does not approve any transaction, it shall make its reference on such RPTs to the Board.

3B. Approval of the Board of Directors

Following RPTs shall require additional, prior approval of Board of Directors:

I All transactions between the Company and its Related Parties which are not in the Ordinary Course of Business, or not proposed to be executed as an Arm's length transaction.

II Transactions which are not approved by the Audit Committee, or in the opinion of the Audit Committee, need special consideration / determination by the Board.

III Where it is mandatory under any law for Board to approve such transactions, or where the Board, suo-moto chooses to review such RPTs.

Where any director is interested in any contract or arrangement with a related party, such

director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement

3C. Approval of the Shareholders of the Company

A. Subject to Clause 3D, the following RPTs and subsequent Material Modifications thereto, shall be subject to prior approval of shareholders of the Company, by way of a resolution: -

I. All Material Related Party Transactions; and

II. RPTs which require approval of the shareholders, as per provisions of the Act and the rules made thereunder.

B. No Related Party shall vote to approve such a resolution, irrespective of whether the entity is a Related Party to the particular transaction or not.

C. The Audit Committee and the Board shall approve and recommend all Material Related Party Transactions, before submitting the same for approval of the shareholders of the Company.

3D. Ratification of transactions with related parties which were entered without approval of audit committee.

In exceptional circumstances, where it is not feasible to seek prior approval of the Audit Committee, in respect of any Related Party Transaction, then it shall be required to be ratified by the Audit Committee within a period of three months from the date of transaction or in the immediate next meeting of the audit committee, whichever is earlier subject to the conditions as mentioned in the Regulation 23(2) (f).

4. Procedure and Criteria for approving Related Party Transactions

The criteria for granting omnibus approval for the RPTs is as follows:

The Audit Committee may grant the omnibus approval for Related Party Transactions proposed to be entered into subject to the following conditions / criteria:

1. Transactions are frequent/regular/repetitive in nature and are in the normal course of business of the Company.

2. The Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.

3. The maximum aggregate value of all transactions taken together in a financial year with a related party which can be approved under omnibus route in a financial year, shall not exceed Fifty crores.

4. Omnibus approval shall specify:
   I. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that can be entered into,
   II. the indicative base price/current contracted price and the formula for variation in the price, if any, and
   III. such other conditions as the Audit Committee may deem fit.

   Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One crore per transaction.

5. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.

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

5. Disclosure of the Policy

This Policy and disclosures of related party transaction filed with the stock exchange will be uploaded on the website of the Company.

6. Review

The Board of directors shall have the powers to amend/ review the Policy at least once every three years.

7. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Listing Regulations or any other statutory enactments, rules;, the provisions of such Act or SEBI Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/ modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

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