

AFFLE (INDIA) LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. BACKGROUND

In order to ensure timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time, the Board of Directors (the “Board”) of Affle (India) Limited (the “Company”) has adopted a Policy on Related Party Transactions (“Policy”) which includes the materiality threshold and the manner of dealing with Related Party Transactions.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. LAW

DEFINITIONS AND INTERPRETATIONS

“Act” means the Companies Act, 2013, and rules made there under as amended from time to time.

“Associate Company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation –For the purposes of this clause- (a) the expression "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement; (b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

“Audit Committee” means a committee of the board of directors of the Company constituted under provisions of the Act and Listing Regulations.

“Board” shall mean Board of Directors of the Company.

“Control” as defined under the Act includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting

individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“Holding Company” shall have the meaning as specified under section 2(46) of the Companies Act, 2013.

“Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

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

- (a) the Chairman and Managing Director;
- (b) the Company Secretary (CS);
- (c) the Whole- time Director (WTD);
- (d) the Chief Financial Officer (CFO);
- (e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (f) such other officer as may be prescribed.

“Related Party”

a. Under the Companies Act, 2013

Related Party means, with reference to a company;

- i) A director or his relative;
- ii) Key Managerial Personnel or his/ her 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 or his relatives is a member or director;
- v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- vi) A 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, except when such advice is given in a professional capacity;
- vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except when such advice is given in a professional capacity;
- viii) any body corporate which is—
 - (a) a holding, subsidiary or an associate company of such company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of the company;

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

ix) A director, other than an independent director, or Key Managerial Personnel of the Holding Company or his relative with reference to a company, shall be deemed to be a Related Party

Here the term “Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if-

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. One person is related to another in the following manner, namely:
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

b. As per Listing Regulations

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

c. As per Indian Accounting Standard (Ind AS) 24

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) 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).
- (iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

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

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

“Related Party Transactions”

a. Under the Companies Act, 2013

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions:

i) sale, purchase or supply of any goods or materials;

ii) selling or otherwise disposing of, or buying, property of any kind;

iii) leasing of property of any kind;

iv) availing or rendering of any services;

v) appointment of any agent for purchase or sale of goods, materials, services or property;

vi) such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and

vii) underwriting the subscription of any securities or derivatives thereof of the Company.

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:

i) Any transaction which is in the ordinary course of business and on an arms’ length basis as determined in terms of this Policy.

ii) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

b. As per Listing Regulations

A related party transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

“Material Related Party Transactions”

a. Under the Companies Act, 2013

Sl No.	Transaction or contract or arrangements for	*Limits for the time being in force (as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014)
1.	Sale, purchases or supply of any goods or materials, directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
2.	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	Amounting to 10% or more of the net worth of the Company
3.	Leasing of property of any kind	Amounting to 10% or more of the turnover of the Company
4.	Availing or rendering of any services, directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
5.	For appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company	Where monthly remuneration exceeds Rs.2,50,000
6,	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	For amount exceeding 1% of the net worth
<p>* shall be considered as amended from time to time in line with the amendment in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014</p> <p>Annual turnover and net worth referred above shall be computed as per standalone audited financial statements for the preceding financial year.</p> <p>Transaction amount shall mean aggregate value of transactions during a financial year with a related party</p>		

b. As per Listing Regulations

A Related Party Transaction shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year,

exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Subsidiary Company” shall have the same meaning as specified under section 2(87) of the Companies Act, 2013.

“Wholly Owned Subsidiary” When a company holds 100% of shares of another company, the other company is called a Wholly Owned Subsidiary of the company who has made 100% investment in it.

3. DETERMINING “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, providing of guarantees or collaterals, in the normal routine in managing trade or business and is permitted by the objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course of business.

4. ASCERTAINING “ARMS’ LENGTH” IN RELATED PARTY TRANSACTIONS

The expression “arms’ length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

5. PROCESS OF IMPLEMENTATION OF THE POLICY

A. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

(a) Each Director / Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer, in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

(b) Every Director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.

(c) Where any Director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or

interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

(d) A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

(e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate authority for approval.

B. MECHANISM FOR APPROVAL OF RELATED PARTY TRANSACTIONS

(i) TRANSACTIONS WHICH ARE ON ARM'S LENGTH BASIS AND ARE IN ORDINARY COURSE OF BUSINESS

(a) Prior approval of Audit Committee.

(b) Prior approval of shareholders by way of ordinary resolution if such RPTs are "Material Related Party Transactions" as per Listing Regulations as defined above.

Provided that requirement of passing ordinary resolution shall not be applicable for transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval

(ii) TRANSACTIONS WHICH ARE EITHER NOT ON ARM'S LENGTH BASIS AND / OR NOT IN ORDINARY COURSE OF BUSINESS

(a) Prior approval of Audit Committee.

(b) Prior approval of Board of Directors.

(c) Prior approval of shareholders by way of ordinary resolution if such RPTs are "Material Related Party Transactions" as defined above.

Provided that requirement of passing ordinary resolution shall not be applicable for transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval

(iii) OMNIBUS APPROVAL BY AUDIT COMMITTEE

The Audit Committee may grant omnibus approval for following Related Party Transactions:

(a) Transactions of value up to 25% of standalone turnover of previous financial year with wholly owned subsidiaries and step-down subsidiaries whose accounts are consolidated with the

Company and placed before the shareholders at the general meeting for approval on arm's length basis and in ordinary course of business.

- (b) Transactions of value up to 10% of standalone turnover of previous financial year with holding company and subsidiary company on arm's length basis and in ordinary course of business.
- (c) Transactions of value up to Rs.5 crores (Rupees Five Crores) with other related parties on arm's length basis and in ordinary course of business.

The Audit Committee shall review at least on a quarterly basis the details of the above related party transactions.

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

(iv) PROCEDURE TO BE FOLLOWED FOR RELATED PARTY TRANSACTIONS

- (a) The Compliance officer shall identify the related party (ies), as applicable from time to time on quarterly basis and circulate the same to all departments of the company.
- (b) The Director/KMP/Related Party shall bring to the notice of Compliance Officer of any transactions to be entered by the related party with the company.
- (c) The concerned departments shall approach Compliance Officer before entering into any transactions with Related Party(ies) along with the details of the transactions to be entered.
- (d) After receipt of the notice, the compliance officer shall make sure that the transactions to be entered is as per the policy on RPTs approved by the Board and also verify the approval sought for such transaction by the Audit Committee /Board/ Shareholders, as applicable.
- (e) If the transaction to be entered is already approved by the Audit Committee/ Board/Shareholder, as applicable and if it is within the limit of approval then the compliance officer shall inform the respective department of the same and allow the transaction to proceed.
- (f) If the transaction proposed to be entered with related party is not already approved by the Audit Committee /Board /Shareholders then the Compliance officer shall take necessary steps for prior approval of the transactions.
- (g) Any RPTs approved by the Audit Committee/Board/Shareholders shall be informed to all the departments specifying the limit of approval.

(v) VOTING BY RELATED PARTIES

Related parties shall abstain from voting on resolutions approving related party transactions irrespective of whether the entity is a related party to the particular transaction or not.

(vi) RATIFICATION OF RELATED PARTY TRANSACTIONS

(a) Every contract or arrangement entered into with a related party shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

(b) If prior approval of the Audit Committee / Board / shareholders for entering into a Related Party Transactions is not feasible owing to paucity of time and also other administrative inconvenience, then such Related Party Transactions shall be recommended by the Audit Committee for ratification to the Board / Shareholders, if required, within 3 months of entering into the Related Party Transaction.

6. DISCLOSURES

The Company is required to disclose this Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

7. IMPLEMENTATION

The Policy shall be effective from the date of approval by the Board.