

Affle 3i 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 3i 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.

“Material Modification” means any modification(s) in the overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

“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:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; or
- (b) any person or any entity, holding equity shares:
 - (i) to the extent of ten per cent or more, with effect from April 1, 2023; in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; 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

“Related party transaction” means a transaction involving a transfer of resources, services or obligations between the following:

- (i) a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) a Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;
regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- (a)the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b)the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c)acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board;
- (d)acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time;

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

- (e)retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors

“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

* 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

Annual turnover and net worth referred above shall be computed as per standalone audited financial statements for the preceding financial year.

Transaction amount shall mean aggregate value of transactions during a financial year with a related party

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 Rs.1000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 five 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 AND SUBSEQUENT MATERIAL MODIFICATIONS

(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

Note: In case of related party transactions where subsidiary is a party but the Company is not a party to the transaction, prior Audit Committee approval of the Company shall be required if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary

Remuneration and sitting fees paid by the Company 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 this policy or as per the amended regulations.

(iii) OMNIBUS APPROVAL BY AUDIT COMMITTEE

The Audit Committee may grant omnibus approval subject to following conditions:

- (a) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations. The Audit Committee shall lay down the criteria, with the approval of Board, for granting omnibus approvals to RPTs proposed to be entered into by the Company in the manner and to the extent prescribed under the applicable provisions of Listing Regulations and Act.
- (b) All RPTs including RPTs approved through omnibus approval, shall be reviewed by the Audit Committee on a periodic basis or when amendment is made to the approval granted previously. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

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 the members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- v. any other condition as specified by the audit committee.

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.

This Policy shall be reviewed atleast once in every three years by the Audit Committee and the Board to ensure it meets the requirements of regulations & the act and is updated accordingly.

In the event of any conflict between the Companies Act, 2013 or the Listing Regulations or any other statutory enactments (“Regulations”) and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment/modification in the Regulations, in this regard shall automatically apply to this policy.

Version Control

Version	Date	Description	Description of changes
1.0	28.09.2019	Policy formation	Policy drafted and approved
2.0	06.02.2021	Updation	Updation of limits for material transactions. Per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.
3.0	07.08.2021	Updation	Revision in the threshold limit with regard to transaction involving payment to Related Party with respect to Brand Usage or Royalty from 2% to 5% to be in line with SEBI Regulations.
4.0	13.05.2023	Updation	Revisions in line with amendments in SEBI LODR w.e.f April 1, 2023.
5.0	08.02.2025	Updation	Revision in line with the amendments in SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024.