BundlePe Innovations Private Limited

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RELATED PARTY TRANSACTION POLICY

❖ SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its stakeholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed thereunder, and, to the extent applicable to the Company, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), BundlePe Innovations Private Limited (“the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

This Policy on Related Party Transactions (“Policy”) sets out the framework within which the Company shall identify, evaluate, approve, monitor and disclose transactions with its related parties, so as to ensure transparency and fairness in dealings that may otherwise give rise to a conflict of interest. This Policy has been adopted by the Board of Directors of the Company (“Board”). Going forward, the Audit Committee (or, in its absence, the Board) will review and amend the Policy, as and when required, subject to adoption by the Board.

❖ OBJECTIVE OF THE POLICY

Related party transactions have been one of the major areas of focus for corporate governance reforms in India. The requirements introduced through Section 188 of the Companies Act, 2013, as amended, and the rules framed thereunder (“Companies Act”), together with Regulation 23 of the SEBI Listing Regulations, as amended, where applicable, require companies to maintain enhanced transparency and due process for the approval of related party transactions.

Accordingly, the Board has adopted this Policy with regard to related party transactions. The Audit Committee shall review this Policy on an annual basis, or at such other frequency as it may decide, and shall propose any modifications to the Board for approval.

❖ DEFINITIONS

“Act” means the Companies Act, 2013, including the rules made thereunder, as amended from time to time.

“Regulation 23” means Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable to the Company.

“Arm’s 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.

“Ordinary Course of Business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities, and includes all such activities which the Company may undertake as per its Memorandum and Articles of Association. The Board and the Audit Committee may lay down principles for determining the ordinary course of business in accordance with statutory requirements and applicable industry practice.

“Relative” with reference to a Director or KMP, means persons as defined in Section 2(77) of the Act and the rules prescribed thereunder.

“Related Party” has the meaning assigned to it under Section 2(76) of the Companies Act, 2013 and, to the extent applicable, Regulation 2(1)(zb) of the SEBI Listing Regulations.

“Related Party Transaction” means, to the extent applicable, a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged, and shall be construed to include a single transaction or a group of transactions in a contract, including but not limited 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 the purchase or sale of goods, materials, services or property; (f) appointment to any office or place of profit in the Company; and (g) underwriting the subscription of any securities or derivatives thereof, of the Company.

“Material Related Party Transaction” means a transaction with a related party which, individually or taken together with previous transactions during a financial year, exceeds the materiality threshold specified in Clause 5 of this Policy.

“Key Managerial Personnel” or “KMP” shall have the meaning assigned to it under the Companies Act, 2013.

Residual clause Any other term not defined herein shall have the same meaning as assigned to it under the Companies Act, 2013, the SEBI Listing Regulations (where applicable), or any other applicable law or regulation.

❖ INTERPRETATION

1. Any words used in this Policy but not defined herein shall have the same meaning prescribed to them in the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, as amended, or the rules and regulations made thereunder including the SEBI Listing Regulations, applicable accounting standards, or any other relevant law applicable to the Company.

2. Reference to the masculine gender in this Policy shall be deemed to include a reference to the feminine gender.

3. In case of any dispute or difference as to the meaning or interpretation of any word or provision of this Policy, the matter shall be referred to the Audit Committee, and the decision of the Audit Committee shall be final. In interpreting any such term or provision, the Audit Committee may seek the assistance of any officer of the Company or an external expert, as it deems fit.

❖ MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a company (to which it applies) to specify materiality thresholds for transactions beyond which the approval of shareholders by resolution is required, and related parties shall abstain from voting on such resolutions, whether or not the entity is a related party to the particular transaction. The Company has fixed its materiality threshold at **Rs. 10 crore, or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower**, for the purposes of Clause 4 of this Policy and, where applicable, Regulation 23(4) of the SEBI Listing Regulations.

Royalty or brand usage payments to a related party (all such transactions taken together in a financial year) shall be deemed material if they exceed 5% of the annual consolidated turnover of the Company as per its last audited financial statements.

❖ MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

5.1 Disclosure by Directors

Every Director shall, at the beginning of each financial year, provide information to the Company by way of written notice regarding his or her concern or interest in any entity, with specific reference to parties that may be considered a Related Party with respect to the Company, and shall also furnish the list of relatives who are regarded as Related Party under this Policy.

Directors shall also disclose their engagement with any other entity during the financial year which may be regarded as a related party under this Policy.

5.2 Identification of Related Parties

The Company has formulated guidelines for identifying and updating the list of related parties as prescribed under Section 2(76) of the Act read with the rules framed thereunder and, to the extent applicable, Regulation 2(1)(zb) of the SEBI Listing Regulations.

5.3 Identification of Related Party Transactions

The Company has formulated guidelines for identifying related party transactions in accordance with Section 188 of the Act and, to the extent applicable, Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether a transaction is in the ordinary course of business and at arm’s length, and, for this purpose, will seek external expert opinion where necessary.

5.4 Procedure for Approval of Related Party Transactions

5.4.1 Approval of the Audit Committee

A. All related party transactions, and subsequent material modifications thereto, require the prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the following conditions:

- a. The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting omnibus approval in line with this Policy, which shall include:
  - i. the maximum amount of transactions, in aggregate, that may be allowed under the omnibus route in a year;
  - ii. the maximum value permitted per transaction;
  - iii. the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - iv. review, at such intervals as the Audit Committee may deem fit, of related party transactions entered into pursuant to each omnibus approval; and
  - v. the transactions which shall not be subject to omnibus approval.
- b. The Audit Committee shall consider the following factors while specifying the criteria for omnibus approval:
  - i. repetitiveness of the transactions (in the past or proposed in the future); and
  - ii. the justification for seeking omnibus approval.
- c. The Audit Committee shall satisfy itself as to the need for such omnibus approval for transactions of a repetitive nature, and that such approval is in the interest of the Company.

d. The omnibus approval shall provide details of (i) the name(s) of the related party, nature of the transaction, and period and maximum aggregate value of the particular type of transaction that may be entered into; (ii) the basis for arriving at the indicative base price or contracted price and the formula for any variation in price; and (iii) such other conditions as the Audit Committee may deem fit. Where the need for a related party transaction 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 Rs. 10 lakh per transaction.

e. The Audit Committee shall review, at least on a quarterly basis, the aggregate value and other details of related party transactions entered into pursuant to the omnibus approval given.

f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval thereafter.

g. Omnibus approval shall not be granted for transactions relating to the selling or disposing of the undertaking of the Company.

h. Any other conditions as the Audit Committee may deem fit.

B. Pursuant to the approval of the Board, the Audit Committee has specified the following criteria for granting omnibus approval:

a. The maximum value of transactions, in aggregate, permitted under the omnibus route in a year shall not exceed Rs. 10 lakh per transaction.

b. The maximum value per transaction that may be approved under the omnibus route shall be as per the materiality threshold defined in Clause 4 of this Policy.

c. While assessing a proposal for approval, the Audit Committee or the Board may review the following documents, or seek the following information from management, to determine whether a transaction is in the ordinary course of business and at arm’s length:

i. the nature of the transaction, including details of goods or property to be acquired or transferred, or services to be rendered or availed, including the functions to be performed, risks to be assumed, and assets to be employed;

ii. the key commercial terms of the proposed transaction, including value and quantum;

iii. the key non-commercial covenants under the draft agreement or contract to be entered into;

iv. any special terms covered, or to be covered, in separate letters, undertakings or sub-arrangements forming part of a composite transaction; and

v. benchmarking information relevant to the arm’s length analysis, such as market and industry data, third-party comparables or valuation reports, management’s assessment of pricing and business justification, and comparative analysis of similar past transactions.

d. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into pursuant to each omnibus approval given.

e. Transactions of the following nature shall not be subject to omnibus approval of the Audit Committee:

1. transactions which are not at arm’s length or not in the ordinary course of business;

2. transactions which are not repetitive in nature;

3. transactions exceeding the materiality thresholds laid down in Clause 4 of this Policy;

4. transactions relating to the selling or disposing of the undertaking of the Company;

5. financial transactions such as loans to related parties, inter-corporate deposits, subscriptions to bonds, debentures or preference shares issued by related parties, or corporate guarantees given to or received from related parties; and

6. any other transaction the Audit Committee may deem unfit for omnibus approval.

5.4.2 Approval of the Board of Directors

As per the provisions of Section 188 of the Act, all transactions specified thereunder which are not in the ordinary course of business, or not at arm's length, shall be placed before the Board for its approval.

In addition, the following related party transactions shall also be placed before the Board for approval:

a) transactions which may be in the ordinary course of business and at arm's length, but which, as per the Board's policy from time to time (including value thresholds 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 they are in the ordinary course of business or at arm's length, and refers the same to the Board;

c) transactions which are in the ordinary course of business and at arm's length, but which the Audit Committee requires to be referred to the Board; and

d) transactions meeting the materiality thresholds laid down in Clause 4 of this Policy, which are intended to be placed before the shareholders for approval.

5.4.3 Approval of the Shareholders

All transactions with related parties exceeding the materiality thresholds laid down in Clause 4 of this Policy shall be placed before the shareholders for approval. For this purpose, all entities falling within the definition of related party shall abstain from voting, whether or not such entity is a party to the particular transaction.

In addition, all 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 under the Companies (Meetings of Board and its Powers) Rules, 2014, shall be placed before the shareholders for approval.

The requirement of shareholders' approval shall not apply to transactions entered into between the Company and its wholly owned subsidiary, if any, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

❖ DISCLOSURES

The Company shall disclose, in the Board's Report, particulars of transactions referred to in Section 188(1) of the Act with related parties which are not in the ordinary course of business or not at arm's length, along with the justification for entering into such transactions.

In addition, the Company shall, to the extent applicable, provide details of all related party transactions exceeding the materiality threshold under Clause 4 of this Policy on a periodic basis to the stock exchanges or such other authority as may be required by law.

❖ RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If the Company becomes aware of a related party transaction that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all relevant facts and circumstances and evaluate all options available to the Company, including ratification, revision, or termination of the transaction. The Audit Committee shall also examine the reasons for the failure to report such transaction under this Policy and any failure of internal control systems, and shall take such action as it deems appropriate.

Where the Audit Committee determines not to ratify a related party transaction commenced without approval, it may direct additional actions, including discontinuation of the transaction, seeking shareholder approval, or requiring payment of compensation by the defaulting person to the related party or the Company, as the case may be. In connection with any review or approval of a related party transaction, the Audit Committee shall have the authority to modify or waive any procedural requirement of this Policy.

❖ AMENDMENTS

Any change to this Policy shall be approved by the Board. The Board shall have the right to withdraw or amend any part of this Policy, or the entire Policy, at any time as it deems fit, and the decision of the Board in this regard shall be final and binding. Any subsequent amendment or modification to the Act, the SEBI Listing Regulations, or any other applicable law shall automatically apply to this Policy.

❖ REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically, and appropriate recommendations shall be made to the Board to update the Policy in light of regulatory amendments or otherwise.

❖ COMPLIANCE RESPONSIBILITY

Compliance with this Policy shall be the responsibility of the Chief Financial Officer and the Company Secretary/Compliance Officer of the Company, who shall have the power to seek any information or clarification from management in this regard. Any queries relating to this Policy may be addressed to the Company at care@bundlepe.in.

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