

RELATED PARTY TRANSACTIONS AND RPT MATERIALITY POLICY

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RELATED PARTY TRANSACTIONS AND RPT MATERIALITY POLICY

PART – A

A. About the Company:

Vivriti Capital Limited (*formerly known as Vivriti Capital Private Limited*) ('the Company') is a Middle layer Non-Banking Finance Company registered with the Reserve Bank of India.

B. Regulatory Framework:

This Policy has been framed as per the requirements of RBI Master Directions No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, on Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**NBFC Directions**") as may be updated, amended, modified from time to time.

This Policy will guide the Company to effectively comply with the provisions of Companies Act, 2013 and its amendments thereto, the relevant rules made thereunder ("**Companies Act, 2013**"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**Listing Regulations**"), applicable accounting standards as issued by the Institute of Chartered Accountants of India, Income Tax Act, 1961 and the rules made thereunder and such other statutes as may be put in place, in relation to corporate governance and related party transactions.

C. Objective:

1. This Policy will ensure that Related Party Transactions (*as defined below*) of the Company are carried out in a transparent manner i.e., in Ordinary Course of Business (*as defined below*) and at Arm's Length Basis (*as defined below*) as per the applicable provisions of Act (*as defined below*) and other Applicable Laws (*as defined below*). This Policy also aims at providing guidance in situations of potential conflict of interest and compliance matters relating to related party transactions including such transactions where the Company is not a party.
2. The NBFC Directions requires the Company to disclose the Policy on dealing with Related Party Transactions on its website and also in the Annual Report as may be updated/ amended/ modified from time to time.
3. Further, the Company, qualifies as a 'High Value Debt Listed Company' in terms of the minimum threshold trigger criterion reckoned/defined under regulation 62C under Chapter VA of the Listing Regulations and is consequentially, statutorily mandated to frame and formulate a Policy on materiality of related party transaction(s) and also on dealing with Related Party Transaction(s).
4. Accordingly, this Policy has been formulated as per the applicable laws and will be called as the Related Party Transactions and RPT Materiality Policy ("**Policy**").

5. This Policy outlines the basis on which the materiality of Related Party Transaction(s) will be determined and the manner of dealing with the Related Party Transaction(s) by the Company.
6. This policy shall mutatis mutandis apply on the subsidiary(ies) of the Company, to the extent applicable and as and when adopted by the respective subsidiary(ies), in entirety or with such suitable modification(s).

D. Scope and Purpose:

This policy shall be applied in:

1. Identifying Related Party(ies), updating and maintaining the database of such person(s) / entity(ies);
2. Identifying Related Party Transaction(s);
3. Ascertaining whether the transaction(s) entered with the Related Party(ies) are in 'Ordinary course of business' and at 'Arm's length basis';
4. Obtaining requisite approval(s) before entering into any Related Party Transaction(s);
5. Outlining the basis on which the materiality of Related Party Transaction(s) will be determined;
6. Determining the statutory disclosures / reporting / compliances to be adhered in relation to the Related Party Transaction(s).

PART - B

DEFINITIONS

a) Applicable Law

means the following laws applicable for the Related Party framework of the Company:

- i. The Companies Act, 2013 and rules issued thereunder;
- ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- iii. The Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023;
- iv. Indian Accounting Standard (Ind AS) 24;
- v. Applicable circulars, clarifications, etc. issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India;
- vi. Any other statute as may be put in place in relation to corporate governance and related party transactions;

as may be amended from time to time.

b) Act

Act means Companies Act, 2013 and rules made thereunder, as amended from time to time.

c) Annual Consolidated Turnover of the Company

means revenue from operations as per the last audited consolidated financial statements.

d) Annual Standalone Turnover of subsidiary

means revenue from operations as per the last audited standalone financial statements of the respective subsidiary.

e) Arm's Length Transaction

shall mean a transaction as per the explanation provided under Section 188 of the Act.

f) Associate Company

The term "*Associate Company*" in relation to the Company shall as per the provisions of Section 2(6) of the Act.

g) Audit Committee

The term "*Audit Committee*" means the committee of Board of Directors constituted in accordance with the provisions of Applicable Law.

h) Key management personnel

Key Managerial Personnel ("KMP" or "Key Managerial Personnel") means a person as defined under Section 2(51) of the Act and includes:

- (a) the Chief Executive Officer or the Managing Director or the Manager;
- (b) the Company Secretary;
- (c) the Whole Time Director;
- (d) the Chief Financial Officer;
- (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 person as may be prescribed.

i) Material Modification

means and includes any modification, either individually or taken together with any previous modification, made in the nature, value/exposure, or other terms and conditions of any ongoing or proposed Related Party Transaction, having a variance of 15% from the existing limit as sanctioned by the Audit Committee / Board / Shareholders, or the effect of which will be an increase over the approved limit for such transaction by an amount of more than 300 Crores in a financial year, whichever is higher or by which the transaction ceases to be in ordinary course and/or on arm's length or such other parameter as may be determined by the Audit Committee from time to time.

Provided that where any RPT approval was granted on percentage basis then the absolute value shall not be considered for determining the material modification status and vice versa.

Provided that, a modification mandated pursuant to change in law, or pursuant to and in accordance with the terms of the approved transaction/contract, or resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.), or is of a nature which is purely technical and does not result in substantive change or alteration of rights, interests, and obligations of any of the parties, or is uniformly affected for similar transactions with unrelated parties shall not be regarded as material modification.

j) Material Related Party Transaction under the Act

means such transactions as provided in Section 188 of the Act entered into with a related party as defined under Section 2(76) of the Act that is not in the ordinary course of business or not at an arm's length basis and exceeds the threshold as specified in Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2015.

k) Material Related Party Transaction under the Listing Regulations

shall have the same meaning as defined under Regulation 62K of the Listing Regulations as amended from time to time. The Company shall consider a transaction with a related party as material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crores (Rupees one thousand crores) or 10% (ten percent) 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 5% (five percent) of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

For the purpose of clarity, it should be noted that the materiality limits for transactions related to brand usage or royalty is within the overall limits provided under Regulation 62K of Listing Regulations.

l) Ordinary Course of Business

shall mean the usual transactions, customs and practices carried out in the normal course of business by the Non-Banking Financial Companies and may include any of the below:

- i. Transactions covered under the Memorandum of Association ('MoA') and Articles of Association ('AoA') of the Company;
- ii. Transactions that are usually carried on by any Non-Banking Financial Company;
- iii. Transactions done with a related party on similar basis as of a third party;

- iv. Transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income for the Company.

m) Related Party

shall mean a person or entity as defined under the provisions of Regulation 2(1)(zb) of the Listing Regulations as amended from time to time.

n) Related Party Transaction(s) ("RPT(s)")

shall mean a transaction as defined under the provisions of Regulation 2(1)(zc) of the Listing Regulations as amended from time to time.

o) Relative(s)

shall mean a person as defined in Section 2(77) of the Act read with the Companies (Specification of definitions details) Rules, 2014 as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in Applicable Law.

PART - C

Role of the Board of Directors and the Audit Committee:

- I. The Board of the Company will approve/ amend this RPT Policy from time to time. The Board will be responsible to provide overall direction relating to approval and monitoring of the RPT regime in the Company from time to time.
- II. The Audit Committee shall test each RPT whether or not the same is on arm's length and done in the ordinary course of business. The Audit Committee will be responsible for overall monitoring and supervision of the RPT regime in the Company.

PART - D

A. Ascertaining whether Related Party Transactions are on an Arm's Length Basis:

The tests for ascertaining arm's length may be on the following lines -

- (a) The contracts/ arrangements are entered into with related parties, at such prices/ discounts/premiums and on such terms which are offered to un-related parties of similar category/ profile, if available.
- (b) The contracts/ arrangements have been commercially negotiated.

- (c) The pricing is arrived at as per the guidelines that may be issued by the Ministry of Corporate Affairs, Government of India/ Income Tax Act, 1961 as applicable to any of the contract/ arrangements contemplated under the Act.
- (d) The payments to group companies are made in the manner and at such rates prevalent in the market for similar category of goods and services and similar category/ profile of customers.
- (e) Any modification to the original contract/ arrangements is substantially on the same price/discount/ premium and on such terms, as offered to un-related parties of similar category/ profile.
- (f) Such other criteria as may be issued by any other statutory/ regulatory authority.

It is to be noted that the above are not exhaustive criteria and the Company will have to assess each transaction considering its specific nature and circumstances. In case any conclusion is not arrived, final decision will be taken by the Audit Committee.

B. Ascertaining whether Related Party Transactions are in the Ordinary Course of Business:

- (a) In order to decide whether or not a contract or arrangement is being entered by the Company is in its ordinary course, the Company shall consider whether such contract/ arrangement is germane to attainment of the main objects as set out in its Memorandum of Association or such other activities as may be permitted, from time to time by Reserve Bank of India, the principal regulator of the Company.
- (b) The Company shall also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or, in the event that such transaction is being undertaken for the first time, whether the Company intends to carry out similar transactions in the future.
- (c) Further, whether the transaction value is within the reasonable range for similar types of other transactions, will also be an important consideration. An exceptionally large value transaction should invite closer scrutiny.

C. Identification of Related Party and Related Party Transactions:

- i. The Company shall identify and maintain a database on its related party(ies) as per the Applicable Law(s). If a Director, Key Managerial Personnel wishes to enter into a Related Party Transaction with the Company involving either him/her or his/her relative, such director / KMP shall give a notice to the Company along with all relevant details and documents.
- ii. The Compliance department of the Company will circulate the list of related party(ies) to functional teams of the Company and its subsidiaries to identify the Related Party Transactions from time to time.

- iii. It will also inform any change in the list of Related Parties including Related Parties of the subsidiaries to functional teams of the Company and its subsidiaries to identify the Related Party Transactions.
- iv. The Company shall endeavour to identify such transactions with unrelated parties, the purpose and effect of which is to benefit a Related Party.
- v. Every Director, Key Managerial Personnel, Promoter of the Company is responsible for providing notice to the Board or the Audit Committee, of any potential Related Party Transaction (involving him/her or his/her relative), including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does constitute a Related Party Transaction requiring compliance with this policy.
- vi. All Directors are required to declare and disclose their related parties, concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change in disclosures. The database of related party(ies) shall be prepared / updated based on such disclosure(s) received by the Company from time to time.
- vii. In addition, the Directors shall ensure that any business transactions entered into between Company and themselves comply with the terms of this Policy.

D. Review and Approval Process:

Approval Mechanism:

- i. Considering the nature of business of the Company, in case of related party transaction(s) involving loan(s), or other funded/non-funded exposure(s), the total outstanding exposure to a particular related party at any point of time shall be construed as the limit for approval matrix. It shall exclude any repayment(s) made or to be made / such other transaction(s) incidental thereon. This is to ensure that a particular transaction does not get double counted for aggregation of limits due to repetitive withdrawals pre-repayment, partial settlement and repayments made by the party in ordinary course of business.
- ii. Notwithstanding anything contained in this policy, it is to be noted that any act(s) / transaction(s) which is permissible under the applicable laws shall be deemed to be permissible under this policy for consideration, approval, review and monitoring of related party transactions.
- iii. Any Related Party Transaction would go through the approval process as laid down hereunder.

I. Audit Committee:

- a. Prior approval of the Audit Committee of the Company to be obtained for all Related Party Transactions and subsequent Material Modifications undertaken by the Company;
- b. Prior approval of the Audit Committee of the Company to be obtained for all Related Party Transactions, and subsequent Material Modification thereof, undertaken by the subsidiary and to which the Company is not a party if the value of the 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 or ten percent of the annual consolidated turnover of the Company.
- c. Prior approval under (b) above will not be required for Related Party Transactions undertaken by the subsidiary and to which the Company is not a party, if regulation 23 and/or sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.
- d. Prior approval of the Audit Committee of the Company shall not be required for Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred to in (b) above, if prior approval of the audit committee of the listed subsidiary has been obtained.
- e. Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.
- f. The Audit Committee shall be provided with the information as required under SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 as amended from time to time. The Audit Committee shall be entitled to call for such additional information/ documents in order to understand the scope of the proposed related party transaction(s) and recommend an effective control system for the verification of the supporting documents.
- g. In determining whether to approve a Related Party Transaction or not, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons, from the Company's business point of view and in the interest of the Company, to enter into a transaction with a Related Party.
- h. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself or herself from the meeting and shall abstain from discussion and voting on the approval of the Related Party Transaction.
- i. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

- j. The Audit Committee may grant omnibus approval in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 62K(4) of the Listing Regulations which are of repetitive / regular nature proposed to be entered into. Such transactions shall be reviewed by the Audit Committee on quarterly basis. The approval will remain valid for a period of one financial year. 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 rupees 1 (One) Crore per transaction.

II. Board of Directors:

Prior approval of the Board of Directors to be obtained for Related Party Transactions:

- a. which are not in ordinary course of business or not on arm's length in accordance with Section 188 of the Act; or
- b. the Audit Committee determines that a Related Party Transaction should be brought before the Board; or
- c. the Board in any case elects to review any Related Party Transaction suo moto; or
- d. the Related Party Transaction needs to be approved by the Board under any law for the time being in force.

The considerations set forth above in case of Audit Committee shall also apply to the Board's review and approval of the proposed Related Party Transaction with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has a potential interest in any Related Party Transaction shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

III. Debenture Trustees:

- i. All material related party transactions and subsequent material modifications shall require prior approval by way of No objection certificate from the Debenture Trustee and the Debenture Trustee in turn shall obtain No objection certificate by way of resolution passed to that effect / written consent from the Debenture Holders of the Company who are not related to the Company and hold atleast more than 50% (fifty percent) of the debentures in value on the basis of voting including e-voting.
- ii. The approval of shareholders of the Company shall be obtained only after the approval of the debenture trustees / debenture holders of the Company.

- iii. The approval from debenture holders / debenture trustees shall be required only for those listed debt issuances occurring after April 01, 2025.
- iv. In case of unlisted subsidiaries of a listed subsidiary / listed subsidiary to whom Regulation 62K / Regulation 23 is not applicable, the prior approval of the shareholders and No-objection Letter from Debenture Trustee of the listed subsidiary, in the manner as specified in sub-regulation (5) of regulation 62K of Listing Regulations, shall be obtained.
- v. The prior approval of the shareholders and No-objection Certificate by Debenture Trustee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party, but the Company is not a party, if Regulation 62K / Regulation 23 of Listing Regulations is applicable to such listed subsidiary.

IV. Shareholders:

- i. Prior approval of the shareholders of the Company shall be obtained for Material Related Party Transactions after obtaining the approval of debenture holders, under SEBI Listing Regulations and subsequent Material Modifications except for following:
 - a. Related Party Transactions between the Company and its wholly owned subsidiaries or between the wholly owned subsidiaries of the Company.
 - b. Related Party Transactions to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 / Regulation 62K of Listing Regulations are applicable to such listed subsidiary.
- ii. Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred in (ii) above, where the prior approval of the shareholders of the listed subsidiary has been obtained.
- iii. Prior approval of the shareholders shall be obtained for Material Related Party Transactions under the Act in accordance with Section 188 of the Act.
- iv. The shareholders shall be provided with the information as may be prescribed under the Applicable Laws.

PART - E

Disclosure and Dissemination of Information by the Company:

- a) The Company shall disclose this Policy wherever it is required by Applicable Law. The Company shall disclose this Policy on its website (<https://www.vivriticapital.com/policies.html>) and also provide web link to the same in the Annual Report of the Company.

- b) The Company shall submit the disclosures of Related Party Transactions on a consolidated basis along with its financial results for the half year, in the format prescribed under Applicable Law to the stock exchanges and publish the same on its website.
- c) The Company shall also make relevant disclosures in its Annual Report and any other report, as may be required as per Applicable Law, and maintain such registers as may be prescribed under Applicable Law.

PART – F

Compliance

- I. Every person associated with RPT shall be accountable for complying with this RPT Policy that may be in force from time to time.
- II. A person shall not be eligible for appointment as a Director of a company if he has been convicted of the offence dealing with related party transactions under Section 188 of the Act at any time during the preceding five years from the date of proposed appointment.

Policy Review & Amendment

- a) Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board of Directors of the Company subject to approval of Audit Committee.
- b) Any or all provisions of this Policy would be subject to revision/amendment in accordance with the rules, regulations, notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.
- c) In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.
- d) The Audit Committee/Board will give suitable directions/ guidelines to implement the same. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- e) This Policy shall be mandatorily reviewed by the Board at least once in **every three years** and updated accordingly.

Limitations

In the event of any conflict between the provisions of this Policy and Applicable Law, the Applicable Law shall prevail over this Policy.