



**vivriti**  
CAPITAL

## Related Party Transaction Policy

<b>Version</b>	<b>Approval Date</b>	<b>Prepared By</b>	<b>Approved By</b>
Version V1	21st July 2018	Executive Management	Board of Directors
Version V2	6 <sup>th</sup> November 2019	Compliance	Board of Directors
Version V3	6 <sup>th</sup> August 2021	Compliance	Board of Directors
Version V4	10 <sup>th</sup> November 2021	Compliance	Board of Directors
Version V5	4 <sup>th</sup> February 2022	Compliance	Board of Directors
Version V6	9 <sup>th</sup> February 2023	Compliance	Board of Directors

## POLICY ON DEALING WITH RELATED PARTY TRANSACTION

### PART – A

#### About the Company:

Vivriti Capital Private Limited ('the Company') is a Non-Deposit taking Systemically Important Non-Banking Finance Company (NBFCs-ND-SI) registered with the Reserve Bank of India.

#### Objective:

1. This Policy will ensure that related party transactions of the Company are carried out in a transparent manner i.e. in ordinary course of business and at arm's length basis as per the applicable provisions of Act (*as defined below*) and other applicable laws. This policy also aims at providing guidance in situations of potential conflict of interest and compliance matters relating to related party transactions.
2. This policy has been framed in order to comply with the requirements of RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as may be updated/amended/modified from time to time) on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016.
3. The Company, qualifies as a 'High Value Debt Listed Company' in terms of the minimum threshold trigger criterion reckoned/defined under Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ("**Listing Regulations**"), and is consequentially, statutorily mandated by the Securities and Exchange Board of India, to frame and formulate a policy on materiality of related party transactions and also on dealing with related party transactions ("**RPT Materiality Policy under Listing Regulations**"). Accordingly, this Policy shall be read together with the RPT Materiality Policy under Listing Regulations, and the compliances as required thereunder shall be taken with in terms of the Listing Regulations.
4. This policy will guide the Company to effectively comply with the provisions of the Act, Indian Accounting standards, Income Tax Act and such applicable provisions of other statutes as may be put in place, in relation to related party transactions.
5. This policy shall mutatis mutandis apply on the subsidiaries of the Company, to the extent applicable.
6. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- 7.

#### Scope and Purpose:

During the course of its business, the Company may enter into transactions with various entities. Some of the transactions are qualify to be 'Related Party Transactions' as per the Act, RBI Act and Regulations made thereunder, SEBI Act and Regulations made thereunder, Indian Accounting Standards on Related Party Disclosures (IND AS 24), as notified by the Companies (Indian Accounting Standards) Rules, 2015 and amendment thereto. Such transactions are required to be disclosed in the annual reports or such other reports of the Company, as prescribed therein.

This policy shall be applied in:

1. Identifying related party transactions;
2. Ascertaining whether the transactions entered with the related parties are in 'ordinary course of business' and at 'arm's length basis';
3. Obtaining requisite approvals in relation to any Related Party Transaction(s);
4. Determining the disclosures / compliances to be adhered in relation to the Related Party Transaction(s).

## **PART - B**

### **DEFINITIONS**

#### **Act**

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

#### **Arm's Length Transaction**

Explanation (b) to Section 188(1) of the Act defines an "*arm's length transaction*" to mean *a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.*

#### **Associate Company**

In terms of Section 2(6) of the Act "*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.*

For the purposes of this term 'Associate Company', "*significant influence*" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

#### **Audit Committee**

The term "*Audit Committee*" means the committee of Board of Directors, the Company constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Rules made thereunder.

#### **Related Party**

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

Provided that:

- a) Any person or entity forming a part of the promoter or promoter group of the listed entity or
- b) Any person or entity, holding equity shares:
  - a. of twenty percent or more or
  - b. of ten percent or more, with effect from April 01, 2023;in the listed entity 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.

### **Related Party Transaction**

The term “*Related Party Transaction*” means transactions as defined under the Act or Accounting Standards, as applicable and includes a transaction involving a transfer of resources, services, obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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 by the listed entity 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:

### **Ordinary Course of Business**

“Ordinary Course of Business” means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) and the Articles of Association (‘AoA’) of the Company.

### **Relative**

In terms of Section 2(77) of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 a person is said to be a relative of another, if

- a) They are members of a Hindu undivided family;
- b) They are husband and wife;
- c) Father (including step-father);
- d) Mother (including step-mother);
- e) Son (including step-son);
- f) Son's wife;
- g) Daughter;
- h) Daughter's husband;
- i) Brother (including step-brother); or  
Sister (including step-sister).

### **Key management personnel**

Key Managerial Personnel ("KMP" or "Key Managerial Personnel") means:

- (a) the Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-Time Director;
- (b) the Company Secretary;
- (c) the Chief Financial Officer; and
- (d) any other person appointed as the KMP by the Board of the Company.

Any other term not defined herein shall have the same meaning as defined in the Act or Listing Regulations or RBI Regulations.

### **Material Modification**

"**Material Modification**" means and includes any modification to the terms of a 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.

**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.

## **PART - C**

### **TERMS OF THE POLICY**

All related party transactions and subsequent Material Modifications shall require prior approval of the Audit Committee unless otherwise specifically exempted in accordance with this Policy.

Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

### **Role of the Board of Directors and the Audit Committee:**

- (a) The Board of the Company will approve/ amendment to this RPT Policy from time to time for Related Party Transactions. The Board will be responsible to provide overall direction, approval and monitor the RPT regime in the Company from time to time

(b) The Audit Committee shall test each RPTs 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**

### **1. Identification of Related Party Transactions**

Related Party Transactions are required to undergo a detailed analysis before arriving at a conclusion as to its impact as well as the course of action with regard to the approval requirements from the concerned bodies. The Act have laid down procedures for dealing with Related Party Transactions.

The Related Party list shall be updated periodically and shall be reviewed at least once a year, based on the annual disclosures received, if any

### **2. Ascertaining whether Related Party Transactions are on an Arm's Length Basis**

The tests for ascertaining arm's length relationship in case of contracts / arrangements that may be entered into by Vivriti Capital Private Limited with its Related Parties could 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 under IND AS 24 or by any other statutory/ regulatory authority.

### **3. Ascertaining whether Related Party Transactions are in the Ordinary Course of Business of Vivriti Capital Private Limited**

- (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.
- (d) These are not exhaustive criteria and the Company will have to assess each transaction considering its specific nature and circumstances. In case of any confusion, final decision will be taken by the Managing Director.

#### **4. Prior Approval**

Prior consent of the Board and shareholders would be taken in respect of all the RPTs including material modifications thereof, except in following cases:

1. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules made thereunder and SEBI Regulations, as may be applicable
2. Where the transactions are entered into by the Company in its ordinary course of business and are on arm's length basis
3. Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
4. Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval

Considering the nature of business of the Company, while approving the related party transactions entered or to be entered under the policy, the total exposure to a particular related party with respect to loans borrowed or disbursed shall be considered excluding any repayments made or to be made 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.

## PART - E

### DISSEMINATION OF INFORMATION BY VIVRITI CAPITAL PRIVATE LIMITED ('the Company')

The Company shall disclose this Policy wherever it is required by the applicable laws.

The Company shall also make relevant disclosures in its annual report and any other report, as may be required, and maintain such registers as may be applicable, under the provisions of the Act and IND AS 24.

## PART – F

### COMPLIANCE

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