

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF VIVRITI ASSET MANAGEMENT PRIVATE LIMITED IN ACCORDANCE WITH SECTION 232 (2) (C) OF THE COMPANIES ACT, 2013 AND SEBI MASTER CIRCULAR NO. SEBI/HO/DDHS/DDHS-POD-1/P/CIR/2024/48 DATED MAY 21, 2024, AS AMENDED FROM TIME TO TIME, ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI SCHEME DEBT CIRCULAR"), AT ITS MEETING HELD ON JUNE 27, 2024

1. The Board of directors of Vivriti Asset Management Private Limited ("**Board**") considered the proposed Composite Scheme of Arrangement under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") between Vivriti Capital Limited (hereinafter referred to as "**VCL**" or "**Demerged Company**" or "**Amalgamated Company**", formerly known as *Vivriti Capital Private Limited*), Hari and Company Investments Madras Private Limited (hereinafter referred to as "**HCIMPL**" or the "**Resulting Company 1**"), Vivriti Next Private Limited (hereinafter referred to as "**VNPL**", formerly known as *QED Business Solutions Private Limited*), Vivriti Asset Management Private Limited (hereinafter referred to as "**VAMPL**" or the "**Amalgamating Company**" or "**Company**"), Vivriti Funds Private Limited (hereinafter referred to as "**VFPL**" or the "**Resulting Company 2**", formerly known as *Keerthi Logistics Private Limited*) and their respective shareholders, in relation to the proposed internal restructuring of the Vivriti Group ("**Scheme**"), in relation to the proposed internal restructuring of the Vivriti Group, by way of the following:
 - (a) the transfer, by way of a demerger, of the Demerged Undertaking 1 of the Demerged Company to the Resulting Company 1, and consequent issue of Demerger 1 Consideration Shares by VNPL to the shareholders of the Demerged Company ("**Demerger 1**");
 - (b) the amalgamation of the Amalgamating Company with the Amalgamated Company and dissolution of the Amalgamating Company without winding up and the consequent issuance of Amalgamation Consideration Shares by the Amalgamated Company to the shareholders of the Amalgamating Company, other than the Amalgamated Company ("**Amalgamation**");
 - (c) the transfer, by way of a demerger, of the Demerged Undertaking 2 of the Demerged Company to the Resulting Company 2, and consequent issue of Demerger 2 Consideration Shares by VNPL to the shareholders of the Demerged Company ("**Demerger 2**"); and
 - (d) various other matters incidental, consequential or otherwise integrally connected therewith, including the reduction of the share capital of VCL and transfer of CCDs to VNPL.
2. Words, and expressions, used in capitalized form but not defined in this report, shall have the meaning ascribed to them in the Scheme.
3. VCL, HCIMPL, VNPL, VAMPL and VFPL have their registered office in Chennai. Accordingly, the Scheme is proposed to be filed with the Chennai bench of the National Company Law Tribunal.
4. The draft of the Scheme was approved by the Audit Committee of the Company ("**Audit Committee**") and the Board at their meetings held on June 27, 2024.





5. As per Section 232(2)(c) of the Companies Act, 2013, a report is required to be adopted by the Board explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties.

Further, pursuant to the requirements of the SEBI Scheme Debt Circular, the Board is required to also comment on impact of the scheme on the holders of non-convertible debentures ("NCDs") / non-convertible preference shares ("NCRPS"), safeguards for the protection of the holders of NCDs/NCRPS and exit offer to the dissenting shareholders of NCD/ NCRPS, if any.

Accordingly, this report is being prepared to comply with the requirements of the Companies Act, 2013, read with the SEBI Scheme Debt Circular ("**the Report**") and for adoption by the Board.

6. The following documents / draft documents were placed before /circulated to the Board at its meeting held on June 27, 2024.
- (a) Valuation report dated June 24, 2024, issued by an independent registered valuer SPA Valuation Advisors Private Limited;
 - (b) Fairness opinion dated June 26, 2024, issued by SEBI registered independent merchant banker CapitalSquare Advisors Private Limited for the purpose of SEBI Scheme Debt Circular providing opinion in respect of the valuation reports;
 - (c) A certificate dated June 27, 2024, issued by M/s BSR & Co. LLP (Firm Registration No: 101248W/W-100022), the Company's Statutory Auditor, as required under Section 232(3)(j) of the Act, to the effect that the accounting treatment contained in the Scheme is in compliance with all the accounting standards prescribed under Section 133 of the Act and as required under SEBI Scheme Debt Circular; and
 - (d) Other presentations, reports, documents and information pertaining to the draft Scheme made available to/circulated to the Board.

7. Rationale of the Scheme:

The Scheme would, *inter alia*, have the following benefits:

- (a) the separation of on-line platform business and lending/ asset management business of the Vivriti group;
- (b) the separation would ensure that the NBFC and asset management businesses are housed in separate legal entities within the Vivriti group, each of which would be completely regulated by the respective regulations without any conflicts/ restrictions resulting from the two sets of regulations;





- (c) the balance sheet of the NBFC Business will not be subject to/ affected by the AMC Business (including its debt) which would reduce the risk on the balance sheet of the NBFC Business;
- (d) this Scheme will unlock value and provide investors flexibility and direct access over the various businesses within the Vivriti group;
- (e) this Scheme will provide strategic and financial flexibility for expansion; and
- (f) this Scheme will enable the Vivriti group to attract business specific investors and strategic partners and to provide better flexibility in accessing capital, focused strategy and specialisation for sustained growth, thereby enabling de-leveraging of the respective businesses in the longer-term.

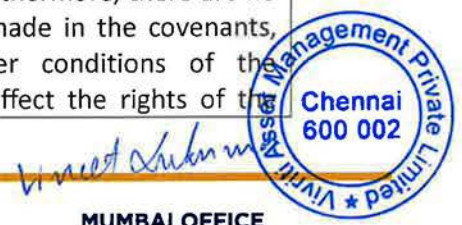
8. Effect of the Scheme on stakeholders

S. No.	Category of stakeholder	Effect of the Scheme on stakeholders
1.	Shareholders (Promoter and Non-Promoter Shareholders)	<p>Upon the Effective Date and in consideration of the transfer and vesting of the Amalgamating Undertaking in the Amalgamated Company pursuant to the Scheme and consequent activities undertaken by Amalgamated Company post Appointed Date, for and on behalf of the Amalgamating Undertaking, the Amalgamated Company shall, without any further act or deed, issue and allot to the shareholders of the Amalgamating Company, other than the Amalgamated Company, whose names are recorded in the register of members as a member of the Amalgamating Company as on the Effective Date or their legal heirs, executors or administrators or (in case of a corporate entity) its successors, Equity/ CCPS in the Amalgamated Company ("Amalgamation Consideration Shares") in the ratio specified in paragraph 9 (d) below.</p> <p>The Scheme is expected to have several benefits for the Company, as indicated in the rationale to the Scheme set out above in paragraph 7.</p> <p>Thus, the Scheme will not have any adverse effect on the shareholders.</p>





2.	Investors who have subscribed units of alternate investment fund ("Investors") of the Company	The scheme will not have any adverse impact on the arrangements, rights, and obligations pertaining to Investor's investments in the alternate investment funds and the same shall remain unchanged and unaffected.
3.	Key Managerial Personnel ("KMPs")	The Scheme will not have any adverse effect on the KMPs of the Company.
4.	Impact of the scheme on the holder of the NCDs of the Company	Taking into consideration (i) the Valuation Reports dated June 24, 2024, issued by the independent registered valuer SPA Valuation Advisors Private Limited ("Registered Valuer");
5.	Safeguards for the protection of holder of NCDs	<p>and (ii) the Fairness Opinions dated June 26, 2024; issued by SEBI registered independent merchant banker CapitalSquare Advisors Private Limited ("Merchant Banker"), the Scheme provides the following with regards to NCDs:</p> <p>The holders of VAMPL NCDs (<i>as defined in the Scheme</i>) whose names are recorded in the relevant registers of the Company on the Appointed Date, if any, or their legal heirs, executors or administrators or (<i>in case of a corporate entity</i>) its successors, shall continue holding the same number of NCDs in VCL as held by such NCD holders in the Company and on the same terms and conditions.</p> <p>Thus, the Scheme envisages that the holders of VAMPL NCDs will become holders of NCD of VCL at exactly the same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security respectively.</p> <p>The proposed entitlement ratio for the NCDs are as recommended by the Registered Valuer and certified as fair by the Merchant Banker.</p> <p>Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus adequately safeguards interests of the holders of the NCDs. Furthermore, there are no changes sought to be made in the covenants, undertakings and other conditions of the debentures, that may affect the rights of the</p>





		debenture holders.
6.	Exit offer to the dissenting holders of NCDs, if any.	Since the Scheme is internal restructuring between the group companies and envisages that the NCD holders of the Company will become holders of VCL NCDs, no exit offer is required.

Note: [The Company has not issued any NCRPS]

Basis the above, the Board confirmed that the Scheme would not be detrimental to the interests of the NCD holders of the Company.

9. Share Entitlement Ratio:

- (a) For the purpose of arriving at the Amalgamation Share Entitlement Ratio, Valuation Report dated June 24, 2024, has been obtained from SPA Valuation Advisors Private Limited, empanelled independent registered valuer, who was appointed to determine the share entitlement ratio for the Amalgamation. The Registered Valuer has not expressed any difficulty while determining the Amalgamation Share Entitlement Ratio. The Registered Valuer has considered Income approach (Discounted Cash flow method), Market approach (Comparable Companies Market Multiple Method) methodology for determining the relative value of the businesses in order to arrive at the Amalgamation Share Entitlement Ratio for the Scheme which have been considered in the present case.
- (b) A fairness opinion, dated June 26, 2024, issued by CapitalSquare Advisors Private Limited also does not indicate any special valuation difficulties.
- (c) The recommendation of the Amalgamation Share Entitlement Ratio has been certified as being fair and has been approved by the Board and the Audit Committee.
- (d) The Scheme provides that the Amalgamation Consideration Shares shall be allotted in the following ratio (the "Amalgamation Share Entitlement Ratio").

With respect to equity shares:

0.25 equity shares in the Amalgamated Company of the face value of Rs. 10 (Rupees Ten only) each (credited as fully paid up) for every 1 equity share of the face value of Rs. 10 (Rupees Ten only) each fully paid-up held by such member in the Amalgamating Company.

With respect to Series A CCPS:

0.25 Series E CCPS in the Amalgamated Company of the face value of Rs. 10 (Rupees Ten only) each (credited as fully paid up) for every 1 Series A CCPS of the face value of Rs. 10 (Rupees Ten only) each fully paid-up held by such member in the Amalgamating Company.



Vinod Kumar



10. Adoption of the Report by the Directors:

The Board has adopted this Report after noting and considering the information set forth in this Report. The Board or any duly authorised committee/person by the Board is entitled to make relevant modifications to this Report, if required and such modifications or amendments shall be deemed to form part of this Report.

For and on behalf of the Board

Vineet Sukumar



Mr. Vineet Sukumar
Managing Director
DIN: 06848801

Date: June 27, 2024

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