

Related Party Transaction Policy of Vivriti
Asset Management Private Limited

POLICY ON DEALING WITH RELATED PARTY TRANSACTION

PART – A

About the Company:

Vivriti Asset Management Private Limited ('the Company') is an Asset Management Company undertaking the business of setting up and managing the Alternative Investment Funds registered with Securities Exchange Board of India (SEBI)

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 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.
3. This policy shall mutatis mutandis apply on the subsidiaries of the Company, to the extent applicable.
4. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

Scope and Purpose:

During the course of its business, the Company may enter into transactions with various entities. Some of the transactions are deemed to be 'Related Party Transactions' as per the Act, Indian Accounting Standards on Related Party Disclosures (IND AS 24), as notified by the Companies (Indian Accounting Standards) Rules, 2015 and amendment thereto and 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 that 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 Companies Act, 2013 and Rules made thereunder.

Related Party

The term Related Party has been defined under Section 2(76) of the Act. Accordingly, subject to provisions of the Act read with Circular G,S.R. 464(E) dated June 5, 2015 issued by Ministry of Corporate Affairs ("**Circular**"), copy of which has been annexed as Annexure A hereto, the term Related Party with reference to the Company means -

- i. *a director of the Company or his relative;*
- ii. *a key managerial personnel of the Company or his relative;*
- iii. *a firm, in which a director or manager of the Company, or his relative is a partner;*
- iv. *a private company in which a director or manager of the Company or his relative is a member or director;*
- v. *a public company in which a director or manager of the Company is a director and holds along with his relatives, more than 2% of its paid-up share capital;*

- vi. *any 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 of the Company;*
- vii. *any person on whose advice, directions or instructions, a director or manager of the Company is accustomed to act;*

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii. *any body corporate which is —*

- (A) a holding, subsidiary or an associate company of the Company; or*
- (B) a subsidiary of a holding company to which the Company 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. *such other person as may be prescribed;*

Pursuant to Rule 3 of the Companies (Specification of definitions details) Rules, 2014, provides that director (other than independent director) or key managerial personnel of the holding company of the Company or his relative, shall also be deemed to be a Related Party.

Related Party Transaction

Related Party Transaction (“RPT” or “Related Party Transaction”) means any contract or arrangement with a related party with respect 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 purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

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 (“KPM” 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.

PART - C

TERMS OF THE POLICY

1. Subject to applicable provisions of the Act, the RPTs which are not in the ordinary course of business and not on an arm’s length basis shall require approval of the Audit Committee and Approval of the Board of Directors, as may be applicable. However, the Audit Committee and the Board may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:
 - (i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company in respect of transactions which are repetitive in nature.
 - (ii) The Audit Committee satisfies itself about the need for such omnibus approval and that such approval is in the interest of the Company.
 - (iii) Such omnibus approval shall specify.
 - (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (b) the indicative base price/ current contracted price and the formula for variation in the price if any and

(c) such other conditions as the Audit Committee may deem fit; Provided that 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 INR 10 Lakhs per transaction.

- (iv) Audit Committee may at its discretion review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

2. If in the opinion of the Audit Committee, the intended RPT is not in the Ordinary Course of Business and/or not on an Arm's Length basis and exceeding the threshold prescribed by Act as amended from time to time, the Audit Committee may subject to applicable provisions of the Act advise the Board of Directors to seek prior approval of the shareholders of the Company by a resolution for such RPT. However, shareholders' approval shall not be required for RPTs entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before its shareholders at the general meeting for approval.
3. Approval of the Board and shareholders as mentioned under Section 188 of the Act shall not also be required to be obtained if the Board at its discretion want to avail the exemption as provided under the Circular for private companies, and applicable provisions of the Act.

Role of the Board of Directors and the Audit Committee:

- (a) The Board of the Company will approve/ amendment to this the 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.

In terms of Section 188 (1) of the Act, the Company cannot enter into any contract or arrangement with a Related Party, without the consent of the Board with respect to the following contracts/ arrangements viz:

- 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 purchase or sale of goods, materials, services or property;
- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

In relation to the above, the expression "office or place of profit" has been explained to mean any office or place—

(a) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent- free accommodation, or otherwise;

(b) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(iii) In terms of the fourth proviso to Section 188(1) of the Companies Act, 2013, the consent of the Board and the Shareholders of the Company will not be required in case any of the aforementioned transactions entered into by the Company are in the ordinary course of business and on an arm's length basis.

(iv) 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 Asset Management 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 Asset Management 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.

PART - E

DISSEMINATION OF INFORMATION BY VIVRITI ASSET MANAGEMENT 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.