



Related Party Transaction Policy

Version History

Version#	Particulars	Date	Approved by
1.0	Related Party Transaction Policy	2023-09-12	Board of Directors
1.1	Scale Based Regulation Update	2024-01-25	Board of Directors
1.2	Periodic Review	2025-06-30	Board of Directors

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1 Introduction

Vivifi India Finance Private Limited (Vivifi) is an RBI licensed NBFC engaged in the business of extending loans to customers through an online platform, developed and managed in-house or outsourced to competent service providers, to meet customer needs, optimize operations and maximize shareholder value, while complying with all regulatory requirements and standards, following industry best practices.

2 Scope

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.

3 Regulations

At all the times, the company will strictly adhere to the guidelines stipulated by RBI, Companies Act, 2013 and the rules made thereunder. These guidelines will include the below and will be updated from time to time.

- Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on May 05, 2025)
- Circulars, Guidelines and Clarifications as may be issued from time to time by RBI.

Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the Act / regulation will have overriding effect on the parameter(s).

4 Definitions

- ‘**Act**’ shall mean the Companies Act, 2013 and the Rules framed thereunder including amendment, re-enactments, modifications, notifications, circulars and orders from time to time.
- ‘**Arm’s Length Basis**’ shall mean the transaction entered into between two related parties as if they were unrelated to avoid any conflict of interest; and, the term ‘arm’s length’ shall be construed accordingly.
- ‘**Audit Committee**’ shall mean the Audit Committee of the Company as constituted by the Board.
- ‘**Board of Directors**’ or ‘**Board**’ shall mean the Board of Directors of the Company.
- ‘Key Managerial Person’ (KMP) shall mean:
 - i. Chief Executive Officer or Managing Director;
 - ii. Whole-Time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary;
 - v. Such other officer, not more than one level below a Director who is in whole-time employment and designated as key managerial person by the Board; and
 - vi. Such other officer as may be prescribed, from time to time.
- “Material Related Party Transaction” means a transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual total income of the company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 from time to time.
- “Related Party” : An entity shall be considered as related to the Company if:
- Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- Such entity is a related party under the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI)
- ‘**Related Party Transaction**’ shall mean all transactions between the Company on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/ or applicable Accounting Standards issued by the ICAI.

5 Policy Standards

5.1 Identification of related party and related party transactions

- For identification of the Related Parties, the Secretarial function shall prepare/ updated a Related Parties (RP) list basis intimations received from the Directors / KMPs or changes in corporate or investment structure, as informed from time to time. The names/ details of all RPs identified shall be consolidated as a RP List, which shall be updated on a regular basis by the Secretarial Team. The updated RP List will be shared with the all relevant functions and shall be referred by the Controllership/ Finance Team for monitoring of the transactions and ensuring compliance at their end.
- Each director and Key Managerial Personnel shall be responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or 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, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- The Company's directors and KMP shall endeavor to intimate such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.
- All Related Party Transactions for the period, reported to the Company Secretary, shall be placed for approval / noting / ratification by the Board of Directors/ Audit Committee, in accordance with this Policy. To review a Related Party Transaction, the Board / Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the name of the related party, the nature of the relationship, nature of the transaction, whether the transaction is in the 'Ordinary Course of Business', whether the transaction is at 'Arm's Length' and/or in terms of the transfer pricing norms prescribed under the Income Tax Act, 1961 (as the case may be) and any other matter, as may be required.

5.2 Prohibition related to Related Party Transactions

All Related Party Transactions defined/ stipulated under the Companies Act, 2013 shall require prior approval of the Audit Committee. For any ratification or exception, parameters mentioned in this Policy shall be followed. However, the Audit Committee may grant omnibus approval, on an annual basis, for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. 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 and such

- approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) 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 Rs.1 crore per transaction.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company and/or any other transaction the Audit Committee may deem not fit for omnibus approval.

Additionally, other related party transactions prescribed under the Accounting Standards issued by the ICAI shall be presented to the Audit Committee for its review and noting.

5.3 Broad Parameters to assess “Ordinary Course of Business”

The phrase “Ordinary Course of Business” has not been defined under the Act or Rules made thereunder. However, the Company shall adopt a reasonable approach/ methodology to demonstrate ‘Ordinary Course of Business’ which shall, inter alia, include the Nature of the transaction, the frequency / regularity / length of time the company is engaged such transaction, such transaction/ action is consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that is in the same / similar line of business.

5.4 Broad Parameters to assess “Arm’s Length”

For transactions between two related parties to be considered to be at Arm’s Length Pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest i.e. Arm’s Length Pricing is the condition or the fact that the two related parties transact as independent (unrelated) parties and on an equal footing from one or more of the following aspects viz. nature of goods/ services, risk assumed, assets/ resources employed, key terms/ covenants.

The Management may, on the advice of the Audit Committee or otherwise (if a need is felt), consult / engage any external legal / transfer pricing expert / valuer to assess / determine the arms length pricing of a potential related party transaction.

5.5 Materiality Thresholds for Related Party Transactions

The Company will follow Materiality Thresholds for Related Party Transactions as defined in the Policy under the definition section, i.e. ten percent of the annual total income of the company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 from time to time.

The Company shall institute an appropriate framework to provide for approvals / noting of all Related Party Transactions to comply with this Policy.

5.6 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of the Audit Committee for review /noting and/ or approval as above. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and/ or voting on the approval of the Related Party Transaction. In the event the management determines that it is impractical or undesirable to wait until a meeting of the Committee for the approval of a Related Party Transaction, due to business exigency or otherwise, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, business purpose of the transaction, benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee may consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the

transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered by the Company pursuant to each of the omnibus approval given.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

6 Related Party Transactions not approved under this Policy

- In the event the Company becomes aware of a transaction with a Related Party 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 of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.
- In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- The relevant aspects of this Policy will be communicated to all the directors and concerned employees/ officials of the Company.

7 Disclosure

Appropriate disclosures as required by the Act and Reserve Bank of India will be made in the financial statements and the Board's report of the Company. This policy shall be disclosed on the website of the Company.

8 Policy Review

This policy is subject to revision based on the extant RBI guidelines from time to time.