

INDIFI CAPITAL PRIVATE LIMITED
(FORMERLY KNOWN AS RIVIERA INVESTORS PRIVATE LIMITED)

Policy on Related Party Transactions

Effective Date	February 05, 2025
Version	Version 3.0
Approved by	Board of Directors

1. Regulatory Framework & Background

Indifi Capital Private Limited (formerly known as Riviera Investors Private Limited) (“**Company**”) recognizes that related party transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company’s & its shareholders’ best interest and in compliance to the provisions of the Companies Act, 2013 (“**Act**”) and RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023 (“**Directions**”).

Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors of the Company based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. Definitions

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them under the Act and Rules framed thereunder or any other applicable law, as amended, from time to time.

- 2.1. “**Arm’s Length Transaction**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 2.2. “**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.

It is hereby clarified as follows:

- a) the expression “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;
 - b) the expression “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
- 2.3. “**Board of Directors**” or “**Board**” in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act, 2013)
 - 2.4. “**Holding Company**” shall mean Indifi Technologies Private Limited.
 - 2.5. “**Key Managerial Personnel**” in relation to the Company, means—
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;

- (iv) the Chief Financial Officer;
- (v) 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 as per articles of association of the Company;
- (vi) such other officer as may be prescribed.

2.6. **“Material Related Party Transaction”** means transactions, with Related Parties, of following nature that are either not in the ordinary course of business or not on an arm’s length basis:

2.7.

2.8. sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;

2.9. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, amounting to 10% or more of the net worth of the Company or Rs. 100 crore, whichever is lower;

2.10. leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;

2.11. availing or rendering of any services directly or through appointment of agent, amounting to 10% or more of the turnover of the company or Rs. 50 crore, whichever is lower;

2.12.

2.13. It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

2.14.

2.15. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000/-; and

2.16. remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth.

2.17.

2.18. It is hereby clarified as follows:

2.19.

2.20. the expression “turnover” means the gross amount of revenue recognized in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.

2.21. The expression “net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

2.22. The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

2.23. **“Ordinary Course of Business”** means transaction will be considered in ordinary course if they are germane to attainment of the main objects or the ‘objects incidental’ to attainment of the main objects as set out in its Memorandum of Association, or is an activity generally undertaken by a non-banking financial company or is such other activity as may be permitted, from time to time by Reserve Bank of India; and includes the following transactions:

- (i) Transactions which has been done by the Company regularly in the last three (3) years,
- (ii) Availing loan for the purpose of onward lending or general corporate purposes and payment of interest and other expenses thereof;
- (iii) Granting working capital loan, whether by way of term loan or otherwise, and receipt of principle, interest and other charges thereon;
- (iv) Payment of license fee towards the use of software(s) and/or platform for the purpose of its operations; and royalty towards the usage of trademarks;
- (v) Payment of commission and/or referral bonus to channel partners of the Company for referring customers to the Company;
- (vi) Payment of salary, fee, commission, and incurrence of other expense required for availing the services required for day to day operations of the Company; and
- (vii) Reimbursement of expenses received from or given to the holding company of the Company pursuant to common sharing expenses arrangement between the Company and the holding company.

2.24. **“Policy”** means this Policy, as amended from time to time.

2.25. **“Related Party”** means related party as defined under Section 2(76) of the Act.

2.26. **“Related Party Transaction(s)”** or **“RPT”** means a contract or arrangement with a Related Party as provided under the Act and the Rules made thereunder, as amended from time to time.

2.27. **“Relative”** means relative as defined under Section 2(77) the Companies Act, 2013 and includes any one who is related to another, if

- (i) They are members of a Hindu undivided family ;
- (ii) They are husband and wife ; or
- (iii) Father (including step-father)
- (iv) Mother (including step-mother)
- (v) Son (including step-son)
- (vi) Son’s wife
- (vii) Daughter
- (viii) Daughter’s husband
- (ix) Brother (including step-brother)
- (x) Sister (including step-sister)

3. Objectives

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

4. Identification of Related Parties & Transactions

The following process shall be followed to ensure all related parties are identified in order to obtain the requisite approvals for any transaction with such related parties:

- 4.1. Every Director & Key Managerial Personnel shall at the first meeting of the Board in which he/she participates as a director/KMP or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, including his shareholding, shall furnish Form MBP-1 "Notice of Interest by Director" pursuant to Section 184(1) and Rule 9 of the Companies (Meeting of Board and its Powers) Rules, 2014 and also declare whether the Board of Directors, managing director or manager of any other body corporate is accustomed to act in accordance with his/her advice, directions or instructions (given otherwise than in a professional capacity).
- 4.2. Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and/or controls immediately on him/her becoming aware of such changes.
- 4.3. Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board in **Annexure 1**.
- 4.4. Any transaction by the Company with a Related Party will be regulated as per this Policy.
- 4.5. The Company Secretary shall be responsible to maintain an updated data base of information pertaining to Related Parties reflecting details of-
 - (i) All Directors and Key Managerial Personnel;
 - (ii) All individuals, partnership firms, Companies and other persons as declared and updated by Directors and Key Managerial Personnel;
 - (iii) Company's holding Company, subsidiary Companies and associate Companies, if any;
 - (iv) Subsidiaries of holding Company, if any;
 - (v) Director or Key Managerial Personnel of the holding Company or their Relatives, if any; and
 - (vi) Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary, Compliance Officer and Chief Financial Officer.

- 4.6. The functional/business heads; Chief Financial Officer; Company Secretary shall have access to the updated database.

5. Review and Approval of Related Party Transactions

5.1. Audit Committee

- All the transactions which are identified as RPTs should be pre-approved by the Audit Committee before entering into such transaction whether at a meeting or by resolution by circulation or through electronic mode even if the transaction and/or subsequent modifications thereto is in the ordinary course of business and at arm's length price.
- Related Party Transactions that are not in ordinary course of business but on arm's length basis cannot be entered into by the Company unless approved by Audit Committee. Where such Related Party Transactions fall under Section 188 (1) of the Act, the Audit Committee shall recommend the transaction for approval of the Board
- While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.
- The Audit Committee may also grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under the provisions of the Companies Act, 2013 and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. The omnibus approval shall specify:
 - (i) The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into; and
 - (ii) The indicative base price / current contracted price and the formula for variation in the price if any.
 - (iii) Such other conditions as the audit committee may deem fit:

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

- As a general exception, for Transactions which are entered into by the Company with its related parties in its 'ordinary course of business' and on an 'arm's length basis', no approval of the Board or the shareholders would be required; however, the requirement of approval from the Audit Committee would continue to prevail.
- Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.
- Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- i) 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.
- ii) 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.
- (iii) Transaction(s) as listed below undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company during the year:
 - a) receipt of remuneration;
 - b) reimbursement of expenses for attending board and other meetings;
 - c) any profit related commission as approved by members.
- iv) any transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

5.2. Board of Directors

- Subject to the provisions of Section 188 (1) of the Act, the related party transactions which are required to be approved by the Board of the Company under the provisions of the Act shall be entered into and acted upon, only after such approval is accorded by the Board. The following related party transactions shall be placed before the Board of Directors for approval, after the recommendation of the Audit Committee::
- Related party transactions referred by the Audit Committee;
- Related party transactions not on arm's length basis, and/or;
- Related party transactions not in the ordinary course of business.
- Related party transactions that are mandated under any law to be approved by Board.
- Any related party transaction mentioned above which is not in the ordinary course of business and/or not on arm's length basis will require Board's approval.
- The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.
- Any member of the Board who has any interest in any related party transaction will recuse himself and abstain from discussion and shall not vote to approve the related party transaction.

5.3. Shareholders

If a related party transaction is not in the ordinary course of business, or not at arm's length price and is a Material Related Party Transaction, it shall require shareholders' approval by a resolution.

5.4. Transaction with related parties in accordance with Investment Agreement(s)/Articles of association of the Company:

At time of entering related party transaction, the Company is required to take into the consideration the provisions related to related party transactions specified in the Article of Association of the Company and/or Investment Agreement(s) entered by the Company with various Investors from time to time.

5.5. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:

a) As per the Act:

- Pursuant to Section 134(4) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, every Contract or arrangement entered with Related Parties in accordance with Section 188(1) of the Act shall be disclosed in the Board's Report along with the justification for entering into such contract or arrangements in Form AOC - 2.
- In terms of Section 178(8) of the Act, where the Board has not accepted any recommendation of the Audit Committee, the same shall be disclosed in the Boards' report with reason thereof.
- Making necessary entries in the Register of Contracts required to be maintained under Section 189 of the Act.

b) As per the Indian Accounting Standard (Ind AS) 243:

In terms of IND AS 24, the following disclosures are required to be made in the financial statements:

- i. Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financials.
- ii. statements available for public use, the name of the next most senior parent that does so shall also be disclosed.
- iii. Key management personnel compensation in total.
- iv. Related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:
 - a) the amount of the transactions;
 - b) the amount of outstanding balances, including commitments, and: (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received;
 - c) provisions for doubtful debts related to the amount of outstanding balances; and
 - d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.
- v. The Standard requires that the disclosures, shall be made separately for each of the following categories:

- a) the parent;
 - b) entities with joint control of, or significant influence over, the entity;
 - c) As per the RBI Master Directions:
- i. Details of all material transactions with related parties shall be disclosed in the annual report.
 - ii. The Company shall disclose the policy on its website and also in the Annual Report.

5.6. RPTs not previously approved

- In the event the Company becomes aware of a RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy and in compliance with the applicable laws and regulations as may be amended from time to time.
- The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee or the Board or the Shareholders (as the case may be) deem appropriate under the circumstances.

6. Effective Date

This Policy is approved by the Board of Director of the of the Company on July 27, 2022.

7. Limitation and Amendments

- 7.1. The Policy is subject to review from time to time and at least once in every year.
- 7.2. The Board of Directors may in their discretion and on recommendation of the Audit Committee, make any changes/modifications and/or amendments to this Policy from time to time.
- 7.3. In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

ANNEXURE 1

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

	<i>Particulars</i>
	Name of the Related Party and nature of relationship
	Nature and duration of the contract/arrangement/transaction and particulars thereof
	Material terms of the contract or arrangement or transaction including the value, if any
	In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations
	Any advance paid / received or to be paid / received for the contract or arrangement, if any
	Manner of determining the pricing and other commercial terms, whether or not included as part of contract
	Whether all factors relevant to the contract/arrangement/transaction have been considered, if not, the details of factors not considered with rationale for not considering those factors
	Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any
	Applicable statutory provisions, if any
	Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities
	Justification as to the arm's length nature of the proposed transaction
	Declaration whether the transaction is in the ordinary course of business
	Persons / authority approving the transaction
	Any other information which may be relevant or important for the Committee / Board to take a decision on the proposed transaction

****End of document**

Indifi Capital Private Limited

(formerly known as Riviera Investors Private Limited)

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