

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

The Policy on Materiality and Dealing with Related Party Transactions (“Policy”) of Northern Arc Capital Limited (“Company”) has been prepared and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and Companies Act, 2013 (“Act”) and the Rules made thereunder, along with circulars issued, including any statutory modifications or re-enactments thereof for the time being in force.

Regulation 23 of Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

Objective of the Policy

The objective of this Policy is to set out

1. the materiality thresholds for related party transactions and;
2. the manner of dealing with the transactions between the Company and its related parties based on the applicable laws

DEFINITIONS

1. “Audit Committee” shall mean the Audit Committee constituted by the Board of the Company from time to time, in accordance with the provisions of the Act and Listing Regulations.
2. “Arms 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.
3. “Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities.
4. “Board of Directors” or “Board” shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and Listing Regulations.
5. “Key Managerial Personnel” in relation to the Company shall be as defined under Section 2(51) of the Act, as amended from time to time.
6. “Related Party” with reference to a Company, shall have the meaning as defined in Section 2(76) of the Act and 2(1)(zb) of the Listing Regulations.
7. “Related Party Transaction” (RPT) means – a. for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188; and b. for the purpose of Regulation 2(1)(zc) of the Listing Regulations, a transfer of resources, services or obligations between a listed entity and a related party, 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.
8. “Relative” means relative as defined under sub-section (77) of Section 2 of the Act and Rules prescribed there under.

9. “Material Related Party Transaction”: A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

INTIMATION BY RELATED PARTIES

Directors shall disclose to the Board, details of all their relatives and the list of entities in which the Director is concerned or interested directly / indirectly, in Form MBP-1, as prescribed under Section 184 of the Act. The key managerial personnel shall also disclose their relatives. Any changes in the particulars must be informed promptly to the Board of Directors.

The Directors and Key Managerial Personnel shall inform immediately the Board of any proposed related party transactions as soon as they become aware of it. It is the responsibility of the Director(s) or KMP who are interested in a proposed RPT to inform the Board and obtain approval prior to entering into the transaction. Interested Director(s)/KMP shall not be present at the meeting during discussions on the subject matter of the resolution(s).

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Audit Committee

All related party transactions shall require prior approval of the audit committee. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature, subject to the compliance of conditions contained in Regulation 23 of the Listing Regulations.

Board of Directors

The approval of the Board is not required for any transactions entered into by the company in its ordinary course of business and on an arm’s length basis. The Company should obtain the approval of the Board for all the transactions specified in section 188 (1) which does not satisfy any of the condition mentioned in the first paragraph, by following the procedure / provisions as per Section 188 of the Act.

Shareholders

All Material Related Party Transactions shall require approval of the shareholders through resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

All transactions, other than the Material Related Party Transactions, with Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through a resolution if so required under any law and the Related Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution. Accordingly, the Company should obtain the prior approval of the shareholders in case of the transactions which are not in the ordinary course of business or at Arm's Length basis which exceeds the threshold limit as specified in Section 188(1) of the Act and Rule 15 of Companies (Meetings of Board and its Powers) Rule, 2014 and with any amendments made from time to time.

VOIDABLE CONTRACTS / ARRANGEMENTS

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of Section 188 of the Act, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Without prejudice to anything stated above, it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of that section for recovery of any loss sustained by it as a result of such contract or arrangement.

DISCLOSURES

a. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

b. The company shall disclose this policy under separate section in the website of the Company and a web link shall be disclosed in the Annual Reports.

c. The Company shall disclose, in the Annual Report, the details of related party transactions as per Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

d. Such other disclosures as required under the law.

POLICY REVIEW

a. The Audit Committee shall review statement of significant related party transaction on a quarterly basis. In addition, the details of the related party transaction pursuant to omnibus approval, if any, shall also be reviewed on a quarterly basis.

b. The said policy should also be reviewed by the Board at least once in every three years.



EFFECTIVE DATE

This Policy shall become effective from [].