

Related Party Policy

Document Control

Prepared by	
Reviewed by	
Approved by	Board of Directors
Date of Approval	
Version No.	

Version Control

Ver No.	Date	Approved by	Summary of Changes
		Board of Directors	
		Board of Directors	

Contents

Background	4
Objective	4
Definitions	4
Review and approval of Related Party Transactions	6
Transactions with wholly-owned subsidiaries	7
Registers and Disclosures	7
Omnibus Approval of the Audit Committee	8
Related Party Transactions not previously approved	8
Policy Review	8

1. Background

The Related Party Policy ("Policy") is being framed with the objective of ensuring compliance with the provisions pertaining to related party transactions under the Companies Act, 2013 ("Act"), the Rules made thereunder and the applicable provisions of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Directions").

Related party transactions referred to throughout this Policy shall mean contracts / arrangements / transactions with a Related Party (as defined under the Act). Accordingly, Related Party Transactions may be entered into by Northern Arc Capital Limited (the "Company") only in accordance with this Policy as amended from time to time.

1.2. Objective

The objective of this Policy is to ensure timely identification, ~~that proper reporting, approval, and disclosure and reporting processes are in place of for all~~ transactions between the company ~~Company~~ and its related parties. The Company shall engage with related parties in the ordinary course of business and on arms' length basis and ensure that transactions with related parties are fully compliant with applicable ~~Regulations~~ regulations.

The provisions of the 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.

2.3. Definitions

- a. "Audit Committee or Committee" means a committee of the Board of Directors of the Company constituted under provisions of the RBI Directions and the Companies Act, 2013. The Board/ Audit Committee shall review and accordingly may amend this policy, as and when required by the applicable laws, rules and regulations.
- b. "Arm's length" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest as defined under the Companies Act, 2013.
- c. "Board" means the Board of Directors of the Company constituted under provisions of the Companies Act, 2013.

d. “Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

e. “Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover 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 and/or Regulation/Rules/Guidelines or other Directions.

f. “Related Party” a means related party as defined under the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements), 2015 as may be amended from time to time.

g. “Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for the purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- Underwriting the subscription of any securities or derivatives thereof, of the Company;
- Financing (including loans and equity contributions in cash or kind);
- Providing or obtaining guarantees and collaterals; and
- Deputation of employees.

h. “Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner:

- Members of a Hindu Undivided Family;
- Husband or Wife; iii. Father (including Step-Father);
- Mother (including Step-Mother);
- Son (including Step-Son);
- Son's Wife;
- Daughter;
- Daughter's Husband;

- Brother (including Step-Brother); or
- Sister (including Step-Sister).

i. “Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

~~“Company” or “Northern Arc” means Northern Arc Capital Limited~~

~~“Key Managerial Personnel”, “Related Party”, “Related Party Transaction”, “Relative” and all other terms used in this Policy shall have the same meaning as assigned to them under the Companies Act, 2013~~

3.4. Review and Approval of Related Party Transactions

All the proposed Related Party Transactions shall be referred to the Audit Committee and shall be reviewed on a quarterly basis irrespective of:

- a. whether or not the Transactions are in the ordinary course of business;
- b. whether or not they are at arm’s length basis supported by agreement or formal letter; or
- a.c. whether or not they are material if the transaction / transactions to be entered into individually or taken together with the previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

The Committee shall accord its approval to such of the Transactions which it considers as in the ordinary course of business and at arm’s length basis.

~~All Related Party Transactions shall be reviewed by the Audit Committee on a quarterly basis.~~

All ~~material~~ Material Related Party Transactions (other than transactions in the ordinary course of business and at arms’ length) and transaction which are not at arms’ length i.e. transactions when taken individually or together with previous transactions during the financial year, exceeds 10% of the annual standalone income as per the latest audited financial statements of the company or such thresholds as may be fixed by the Companies Act, 2013, such transactions shall be entered into only with the prior approval of the Audit Committee and the Shareholders of the Company for their consideration and approval by prior ~~special resolution of the shareholders of the Company.~~

Prior approval of the Audit Committee and the shareholders shall also be required in cases of Related Party Transactions enumerated under Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014.

The Company shall provide all information as provided under Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 to the Audit Committee/ shareholders, when approval on a Related Party Transaction is sought.

Related Parties, if present at such Audit Committee/-Shareholder meeting shall abstain from voting on the transaction.

~~The Company shall provide all information as provided under Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 to the Audit Committee/ shareholders, when approval on a Related Party Transaction is sought.~~

For operational convenience, all Related Party Transactions that require the approval of the Audit Committee may be considered and approved through Circulation, which shall be ratified by the Committee at its next Meeting.

Of the other proposed Related Party Transactions which are not in the ordinary course of business and which are not at arm's length basis shall be referred to the Board. The Board, on due consideration at its meeting of the relevant factors such as the nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transactions accord its approval to the Transactions which it deems fit.

The Audit Committee shall review the following while approving the Related Party Transactions as specified above:

- a. whether the transaction is in the ordinary course of business and on an arms' length basis;
- b. the reasons for entering into the transaction and the consequences of entering into the said transaction, with a non-related party;
- c. whether there is any conflict of interest for any director or Key Managerial Personnel;
- d. whether there any reputational risks are envisaged as a result of the said Related Party Transaction.

4.5. Transactions with Whollywholly-owned subsidiaries

All transactions with wholly-owned subsidiaries of the Company, whether they fall within the purview of Related Party Transactions or otherwise, shall always be entered into only with the prior approval of the Board ~~of Directors of the Company~~ and the wholly-owned subsidiary/ies.

All transactions with wholly-owned subsidiaries shall be accompanied with a note on the rationale of the transaction and shall be backed by adequate documentary support and evidence.

6. Disclosure Registers and Disclosures

The Company shall keep and maintain a Register, physically or electronically, as may be decided, giving separately the particulars of all contracts or arrangements to which the Policy applies.

Every Director and the KMP shall, from time to time make the necessary disclosures to the Board, a period of 30 days of his appointment, or relinquishment of his office in other Companies/Firms/bodies corporate, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the Register maintained in this regard.

The Register shall be preserved permanently and shall be kept in the custody of the Company Secretary of the Company or any other person authorised by the Board for the purpose. This Policy will also be uploaded on the website of the Company and shall be disclosed in the Annual Report and Reporting of Related Party Transactions

~~Every Related Party Transaction entered into by the Company and approved by the Audit Committee and shareholders shall be referred to in the Board's Report to the shareholders and a register for such transactions shall also be maintained by the Company Secretary.~~

7. Omnibus Approval of the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company.

The Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

8. Related Party Transactions not previously approved

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the necessary approvals and if such transaction is not ratified by the Committee, 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/arrangement shall be voidable at the option of the Board.

9. Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to any notifications and directions issued or under any other law applicable, from time to time.

The Policy shall be reviewed every year by the Board of Directors of Company or whenever there is a significant change in the Policy.