

RELATED PARTY TRANSACTIONS - POLICY & PROCEDURES

1. Preamble

- 1.1. MSTC Limited (“MSTC” or “Company”) is committed to uphold the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflict of interest of the Directors, senior management etc. with the interest of MSTC.
- 1.2. The board of directors of MSTC (the “Board of Directors” or “Board”) adopts the following policy and procedures (the “Policy”) with regard to Related Party Transactions (“RPT”) as defined below, in compliance with the requirements of Section 188 of the Companies Act 2013 and the Rules made thereunder and any subsequent amendments thereto (the “Act”) and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended, and such other regulatory provisions, as may be applicable in order to ensure timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties (*as defined below*).
- 1.3. Considering the requirements for formulation of a policy on materiality on related party transactions and on dealing with related party transactions under Regulation 23 of the Listing Regulations, MSTC has formulated the following guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.
- 1.4. This Policy is intended to ensure timely identification of an RPT, its salient terms and conditions, detail the approval process, outline the disclosure and reporting requirements thereof and to ensure transparency in the conduct of RPT’s, so that there is no conflict of interest. The Board of Directors of the Company (‘the Board’) has adopted this Policy on 11th January, 2019 with respect to RPT’s and a standard operating procedure to regulate transactions between the Company and its Related Parties on the recommendation of the Audit Committee.

2. Objective

- 2.1. This Policy is intended to ensure systematic identification, approval and/ or reporting of transactions as applicable, between MSTC and any of its Related Party in the best interest of MSTC and its stakeholders. Provisions of this Policy are designed to govern the transparency in identification and approval process as well as disclosure requirements to ensure fairness in the conduct of Related Party Transactions, in terms of the applicable laws. This Policy shall supplement other policies of MSTC that may be in force for identification, approval and / or reporting of transactions with related persons.

- 2.2. The audit committee of MSTC (“**Audit Committee**”), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions. The Board of Directors reserves the power to review and amend this Policy from time to time. Any exceptions to the Policy on Related Party Transactions shall be consistent with the Companies Act 2013, including the rules promulgated there under and the Listing Regulations and shall be approved in the manner as may be decided by the Board of Directors.

3. **Transactions Covered by this Policy**

- 3.1. A transaction covered by this Policy includes any contract or arrangement with a related party with respect to transactions defined hereunder as ‘Related Party Transaction’.
- 3.2. Provided further that any transaction entered into by MSTC with Related Party in its ordinary course of business and on an arm’s length basis, shall be periodically reported to the Audit Committee.

4. **Definitions**

- 4.1 “**Act**” means the Companies Act, 2013, to the extent notified and the Companies Act, 1956, to the extent in force and rules made there under as amended from time to time.
- 4.2 “**Associate Company**”, in relation to another company, means a company in which MSTC has a significant influence but which is not a subsidiary company of MSTC having such influence and includes the joint venture companies of MSTC if any.

Explanation: “significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement. Further, “Total Share Capital” means the aggregate of the paid up equity share capital and convertible preference share capital.

- 4.3 “**Audit Committee**” means a committee of the board of directors of MSTC constituted under provisions of the Act and Listing Regulations.
- 4.4 “**Board**” or “Board of Directors” means the board of directors of MSTC.
- 4.5 “**Control**” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their

shareholding or management rights or shareholders' agreements or voting agreements or in any other manner:

Provided that a director or officer of MSTC shall not be considered to be in control over such company, merely by virtue of holding such position;

- 4.6 **“Key Managerial Personnel”** or **“KMP”** shall have the meaning prescribed in section 2(51) of the Companies Act, 2013 ;
- 4.7 **“Listing Regulations”** means Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 4.8 **“Office or place of profit”** means any office or place -
- (i) where such office or place is held by a director, if the director holding it, receives from MSTC 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;
 - (ii) 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 MSTC anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- 4.9 **“Related Party”** means a Related Party as defined under:
- a) Section 2(76) of the Companies Act, 2013; or
 - b) Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; or
 - c) Indian Accounting Standard (IND AS) 24 as notified by the Central Government.
- 4.10 **“Relatives”** with reference to Director or KMP of MSTC, means anyone who is related to another, if-
- (i) They are members of a Hindu Undivided Family;
 - (ii) They are husband and wife; or
 - (iii) One person is related to the other in the following manner, namely:
 - a) Father including step father
 - b) Mother including step mother
 - c) Son including stepson
 - d) Son's Wife
 - e) Daughter
 - f) Daughter's Husband
 - g) Brother including step brother

h) Sister including step sister

- 4.11 **“Related Party transaction”** Related Party transactions means Transactions / Contracts / Arrangement which falls within the purview of:
- Section 188 of the Companies Act, 2013; or
 - Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; or
 - Indian Accounting Standard (IND AS) 24 as notified by the Central Government.

4.12 **“Material Related Party transactions”** means

(a) **Following transaction with a related party under the Companies Act, 2013**

S. No.	Transaction or Contracts or Arrangements for	*Limits for the time being in force (as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014)
1.	Sale, purchases or supply of any goods or materials, directly or through appointment of agent	Lower amongst the following: (i) exceeding 10% of the turnover of the company; or (ii) Rs. 100 crore For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
2.	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	Lower amongst the following: (i) exceeding 10% of the net worth of the company; or (ii) Rs. 100 crore For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year
3.	Leasing of property of any kind	Lower amongst the following: (i) exceeding 10% of the net worth of the company; or (ii) 10% of the Turnover of the company; or (iii) Rs. 100 crores For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
4.	Availing or rendering of any services, directly or through	Lower amongst the following amount (i) exceeding 10% of Turnover of the

	appointment of agent	Company; or (ii) Rs.50crores For the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
5.	For appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company	Where monthly remuneration exceeds Rs.2,50,000
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	For amount exceeding 1% of Net Worth of the Company
	*shall be considered as amended from time to time in line with the amendment in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 by the Central Government. Turnover and net worth referred above shall be computed as per audited financial statement for the preceding financial year.	

(b) As per the Listing Regulations

Means those transactions entered into with MSTC by a related party, individually or taken together with previous transactions during a financial year, exceeds 10 percent of the annual consolidated turnover/Net worth etc. as per the last audited financial statements of MSTC or Rs.100 Crore whichever is lower.

Further, 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 two percent of the annual consolidated turnover of MSTC as per the last audited financial statements of MSTC.

“**Transactions on arm’s length basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Any word used in this Policy, but not defined herein, shall have the same meaning as defined under the Companies Act, 2013, Listing Regulations and/or any other applicable statutory regulations.

5. Pre-requisites for ascertaining related party

- 5.1. The following details shall be required:
- a) Declaration / Disclosure of interest by all the Directors and KMPs' in form MBP-1.
 - b) Declaration of relatives by all Directors and KMPs'.
 - c) Declaration about a firm in which a Director and KMP or his relative is a partner.
 - d) Declaration about a private company in which a Director and KMP or his relative is a member or director.
 - e) Declaration regarding a public company in which a Director and KMP is a Director and holds along with the relatives more than 2% of the paid-up share capital.
 - f) any Company which is-
 - (i) a subsidiary or an associate Company of the MSTC; or
 - (ii) a subsidiary of a subsidiary of MSTC.

6. Identification of Potential Related Party Transactions

- 6.1. The concerned Functional/ Departmental head shall arrange to nominate a Nodal Officer at the respective Department (preferably a person having knowledge of the Company law and Accounting Standards). Each Director/ Key Managerial Personnel is responsible for providing written notice to the concerned Nodal Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Nodal Officer may reasonably request. The Nodal Officer, shall, in consultation with other members of management and with the Audit Committee, as appropriate, ascertain whether any transaction in the concerned department would be covered under the definition of Related Party Transactions and report the said transaction to the Head of Central Accounts. After obtaining the report of the Head of Central Accounts, approval of the Audit Committee shall be obtained for the said transaction. Thereafter, the proposed Related Party Transaction shall be placed before the Board for its consideration.
- 6.2. Every Director/ KMP of MSTC who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- 6.3. Where any Director / KMP, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or

interested or at the first meeting of the Board held after he becomes so concerned or interested.

- 6.4. A contract or arrangement entered into by MSTC without disclosure or with participation by a Director / KMP who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of MSTC.
- 6.5. MSTC strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Nodal Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate authority for approval.
- 6.6. Any Director / KMP who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five (5) years shall be disqualified for appointment as Director / KMP, as the case may be.

7. Road Map to Track Related Party Transactions

- 7.1. For prospective / potential Related Party Transaction, it is essential to identify the transaction at proposal / Purchase Requisition / contract stage, at the department level. As such, there is a requirement of amendment in the vendor master and customer master by material management where one mandatory field of related party identifier (trading partner) shall pop-up and compulsorily be released by such designated Nodal Officer - before creation / amendment of any vendor master / customer. Similarly all the finance executives at the departments need to ensure that any transaction with related party whether on arm's length's basis or otherwise is booked properly through such vendor master / customer so that SAP can capture all the related party transactions to generate the categorically report i.e. transaction on arm's length's basis / other than arm's length's basis, by central accounts with the support of the Nodal Officers at the concerned locations for reporting / seeking approval of Audit Committee / Board in time as per this Policy.

8. Ascertainment of Transaction on arm's length basis

- 8.1. The indenter or the initiator of the proposed transaction which is covered under RPT shall examine the documents / information with regard to the transaction before forming an opinion / arriving at a conclusion that the concerned transaction is on arm's length basis. In particular, any or all of the following may be examined:
 - a) Whether the purported transaction between two related parties pursuant to an agreement / memorandum of understanding is in accordance with

- the directives / approval of the Government.
- b) Whether the terms of the transaction is in the ordinary course of business
- c) How the consideration price has been arrived.
- d) Is it comparable with Internal and external industry benchmarks.
- e) Any other relevant documents / information which supports the contention that the transaction is on arm's length basis.

8.2. Rules applying to Transactions with Related parties which are in ordinary course of Business / on arm's length basis

- 8.2.1. Transactions with Related parties which are in ordinary course of Business of MSTC and on arm's length basis shall be periodically reported to the Audit Committee.
- 8.2.2. The Nodal Officer shall ensure that details of such transactions which he considers to be in ordinary course of Business of MSTC and on arm's length basis are brought to the notice of functional / departmental head and thereafter shall be notified to Head Central Accounts, who shall designate an officer to collate the data.
- 8.2.3. The data so collated shall be submitted to the Company Secretary for placing before the next meeting of the Audit Committee. Transactions being entered into with the related parties even though being in the ordinary course of business of MSTC shall satisfy the criteria of arm's length pricing. It shall be the responsibility of the Nodal Officer at department level etc. to ensure that requisite evidence and documentation are made available to the auditors/ Audit Committee, as may be required by them, to demonstrate that the transactions are in ordinary course of Business of MSTC and have been conducted on arm's length basis.
- 8.2.4. Board of Directors to take note of such RPTs.
- 8.2.5. Prior approval of shareholders by way of resolution if such RPTs are "Material Related Party Transactions" as defined above.

9. Review and Approval of Related Party Transactions

- 9.1. All Related Party Transactions must be reported / referred to the Audit Committee for its approval/ ratification, accompanied with Management's justification for the same. Before approving such transactions, the Audit Committee will look into the interest of MSTC and its stakeholders in carrying out the transactions and on the benefits of the same. The Audit Committee may, thereupon, approve, reject or approve subject to modifications such transactions, in accordance with this Policy and / or recommend the same to the Board for approval.

- 9.2. All transactions which are either not on arm's length basis and / or not in ordinary course of business must be reported / referred to the Board through Audit Committee for its approval / ratification, and in case Material Related Party Transactions prior approval of the shareholders by way of resolution accompanied with Management's justification for the same.
- 9.3. The Audit Committee / Board shall ensure that that the transaction is in the interest of MSTC and its shareholders before approving the relevant Related Party Transactions, which are not in ordinary course of business and not on arm's length basis. A matrix for approval of the Related Party Transactions has been given as Annexure I of this Policy.

9.4. Omnibus approval by the Audit Committee

- 9.4.1. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by MSTC subject to the following conditions:
- a) The Audit Committee, upon obtaining approval of the Board shall lay down the criteria for granting the omnibus which shall include the following:
 - (i) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus approval route in a year;
 - (ii) The maximum value per transaction which can be allowed;
 - (iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (iv) Review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made; and
 - b) Transactions which cannot be subject to the omnibus approval by the Audit Committee.
 - c) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of MSTC and shall consider the following factors while specifying the criteria for making omnibus approval:
 - (i) Repetitiveness of the transactions (in past or in future); and
 - (ii) Justification for need of omnibus approval
 - d) 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.
- 9.4.2. 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.
- 9.4.3. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by MSTC pursuant to each of the omnibus approval given.
- 9.4.4. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- 9.4.5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- 9.5. All Material Related Party transactions shall require prior Shareholders approval by way of resolution in general meeting of the Company.
- 9.6. No Shareholder of MSTC, if such a shareholder is a related party with reference only to the contract or arrangement for which the said resolution is being passed, shall vote on any such resolutions.
- 9.7. Standards for review**
- 9.7.1. The Audit Committee while approving and the Board while approving / ratifying a Related Party Transaction shall review and consider the following, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction:
- (a) the Related Party's interest in the Related Party Transaction;
 - (b) the approximate amount involved in the Related Party Transaction;
 - (c) whether the Related Party Transaction was undertaken in the ordinary course of business of MSTC;
 - (d) whether the transaction with the Related Party is proposed to be, or was, entered on at arms' length basis;
 - (e) the purpose of, and the potential benefits to MSTC from the Related Party Transaction;
 - (f) Whether there are any compelling business reasons for MSTC to enter into the Related Party Transaction and the nature of alternative transactions, if any;

- (g) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction;
- (h) Whether the Related Party Transaction would impair the independence of an otherwise independent Director or nominee Director;
- (i) Whether MSTC was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought for and whether subsequent ratification would be detrimental to MSTC;
- (j) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee / the Board deems relevant and appropriate;
- (k) required statutory and public disclosure, if any; and
- (l) any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board / shareholders, as applicable, in light of the circumstances of the particular transaction.

9.7.2. The agenda of the Board meeting at which the resolution is proposed to be considered shall disclose:

- a) the name of the related party and nature of relationship;
- b) the nature, duration of the contract and particulars of the contract or arrangement;
- c) the material terms of the contract or arrangement including the value, if any;
- d) any advance paid or received for the contract or arrangement, if any;
- e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) any other information relevant or important for the Board to take a decision on the proposed transaction.

9.7.3. Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

9.7.4. The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 of the Companies Act, 2013 shall contain the following particulars namely:

- a) name of the related party;

- b) name of the Director or key managerial personnel who is related, if any;
- c) nature of relationship;
- d) nature, material terms, monetary value and particulars of the contract or arrangement;
- e) any other information relevant or important for the members to take a decision on the proposed resolution.

9.8. Ratification of Related Party Transactions

- 9.8.1. Every contract or arrangement entered into with a related party shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- 9.8.2. If prior approval of the Audit Committee / Board / shareholders for entering into a Related Party Transactions is not feasible owing to paucity of time and also other administrative inconvenience, then such Related Party Transactions shall be recommended by the Audit Committee for ratification to the Board/ Shareholders, if required, within 3 months of entering into the Related Party Transaction.
- 9.8.3. In any case where either the Audit Committee / Board / Shareholders determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Audit Committee or Board or shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. 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 MSTC against any loss incurred by it.
- 9.8.4. In the event any member of the Audit Committee or the Board, as the case may be, has potential interest in any Related Party Transaction, such member will not remain present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

9.9. Related Party Transactions not previously approved

- 9.9.1. In the event the Company becomes aware of a Related Party 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 Audit Committee under this Policy, and shall take any such action it deems appropriate.

- 9.9.2. Where any contract or arrangement is entered into by a director or any other employee of MSTC with a related party, without obtaining the consent of the Audit Committee / Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Audit Committee / Board / 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 and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify MSTC against any loss incurred by it.
- 9.9.3. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has commenced without approval, the Audit 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 Audit Committee has authority to modify or waive any procedural requirements of this Policy.
- 9.9.4. MSTC may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

9.10. Amendment

- 9.10.1. This Policy shall stand amended in terms of the Act including the Companies (Meetings of Board and its Powers) Rules, 2014, and Listing Regulations. In the event of any conflict between this Policy and the applicable law, the applicable law shall prevail. The Board or the Audit Committee, as authorised by the Board, will review this Policy once every three (3) years and update accordingly. Any amendment to this Policy will be in writing.

9.11. Exemptions

General

- 9.11.1. Subject to approval of the Audit Committee, approval of the Board is not required in case of any contract or arrangement—
 - (i) in the ordinary course of its business, and
 - (ii) at arms' length price basis between MSTC and

- (a) any other firm in which Director or KMP or their Relatives are partner.
- (b) service availed in a professional capacity from body corporate / person.
- (c) Contract with a private or public company in which relative of a Director or KMP is a director / member.

Specific

9.11.2. The following transactions with the related parties shall be treated as transaction on arm length's basis provided

- (i) 'Sale of company's finished product / services / others including scraps sale at rates or charges involved are determined by competitive bids / fixed by Govt.
- (ii) Where purchase of product / availing of services at rates or charges are determined by competitive bids.
- (iii) Lease rent receipt / payment at market rate / municipal / local body board standard rate or fixed by any other Government authority.

10. Registers & Disclosures

10.1. The company secretary of the Company (the "**Company Secretary**") shall maintain a register, either physically or electronically, as prescribed in the Act, giving details of all contracts or arrangements to which this Policy applies.

10.2. Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other companies, as the case may be, disclose to MSTC the particulars relating to his / her concern or interest in the other associations which are required to be included in the register maintained.

10.3. The Company Secretary shall provide extracts from such register to a member of MSTC on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in accordance with the relevant rules.

10.4. The register to be kept under this section shall also be produced at the commencement of every annual general meeting of MSTC and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

11. Records / Supporting documents required for establishing the ordinary course of business and arm's length pricing of a transaction with a Related Party

11.1 **Purchase / sale of material, goods etc.**

- (i) Copy of agreements / purchase orders / correspondence exchanged / letters of exchange / bills / invoices etc.
- (ii) Invoices / bills of similar transactions on same date or nearby date with unrelated parties from the seller.
- (iii) Quotation from unrelated service provider.

11.2 Purchase / sale of property

- (i) Valuation reports from independent valuers to ascertain Fair Market Value.
- (ii) Quotations from independent property dealers / brokers.
- (iii) Draft copy of agreement to sell / Draft of proposed sale deed.
- (iv) Brief terms and conditions and justification of such transaction.

11.3 Availing / Rendering Services

- (i) Copy of agreement / memorandum of understanding / correspondence etc.
- (ii) Supporting documents justifying the transaction on arm's length basis.

11.4 Loans / Advances given or Taken

- (i) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules thereunder.
- (ii) Agreements
- (iii) Statutory approvals wherever required.
- (iv) Rate of interest and justification for the same in view of nearest prevailing G-SEC rate for the term of the loans / advances (wherever applicable).

11.5 Guarantee / Securities

- (i) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules thereunder.
- (ii) Agreements.
- (iii) Other documents justifying the same.

11.6 Subscription to shares / debentures / securities

- (i) Valuation report or documents justifying that subscription is done / received at a rate on which placement has been made / shall be made to an un-related party.

11.7 Rent Agreement

- (i) Copy of draft agreement.
- (ii) Quotation from a property dealer / advisor in the area in which the property is located or a nearby area.
- (iii) If quoted prices are substantially lower / higher than existing, to seek second quotation.

11.8 Other transactions

- (i) Agreements or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate.

12. Disclosures and Reporting

- 12.1 Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board meeting. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given, if any.
- 12.2 Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- 12.3 MSTC shall disclose the contract or arrangements entered into with the Related Party in the Board report to the shareholders along with the justification for entering into such contract or arrangement.
- 12.4 MSTC shall submit within thirty (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.
- 12.5 MSTC shall disclose this Policy relating to Related Party Transactions on its website and also in the Annual Report.
- 12.6 This Policy will be communicated to all operational employees and other concerned persons of the Company.

Annexure 1

Approval process

Matrix for approval of Related Party Transactions

Nature of Transaction	Audit Committee Approval		Board of Directors Approval		Shareholders' Approval	
	Companies Act, 2013	Listing Regulation	Companies Act, 2013	Listing Regulation	Companies Act, 2013	Listing Regulation
Ordinary course of business and at arm's length	Yes	Prior approval	Board will note the same.	-	Exempted	Yes, if material related party transaction
Not in ordinary course of business and / or at arm's length	Prior Approval	Prior approval	Prior Approval. Board may ratify the transactions within three months.	-	Prior Approval, if material related party transactions. However, Shareholders may ratify within three months.	Yes, if material related party transaction

