



POLICY ON RELATED PARTY TRANSACTIONS OF METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED

I. INTRODUCTION

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR) mandates formulation of a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

As part of its corporate governance practices, the Board of Directors of Metropolitan Stock Exchange of India Limited has adopted the following policy and procedure with regard to Related Party Transactions in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

II. PURPOSE/OBJECTIVE

This Policy aims to comply with the provisions of Section 188 of the Companies Act 2013 and rules framed thereunder and Regulation 23 of LODR read with Regulation 33 (1)(c) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2012.

No Related Party Transaction may be entered into by the Company, except in accordance with the provisions of this Policy. It is also intended to ensure correct reporting of transactions between the Company and its Related Parties.

III. DEFINITIONS

I. In this policy, unless the context otherwise requires:-

- a. "Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circular or re-enactment thereof.
- b. "Associate Company" means a company as defined under sub-section (6) of Section 2 of the Companies Act, 2013.
- c. "Related Party" means a related party as defined under sub-section (76) of Section 2 of the Companies Act, 2013 or under applicable accounting Standards.

- d. "Related-Party Transaction" means a transfer of resources, services or obligations between the Company 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.
- e. "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.
- f. "Policy" means Related Party Transaction Policy of the Company, as amended from time to time.

Any word or expression used but not defined herein shall have the same meaning as assigned to it in the Companies Act, 2013 or Rules made thereunder, or Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2012 or Regulation 23 of Listing Obligation and Disclosure Requirement.

IV. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

➤ Audit Committee

1. All Related Party Transaction shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation.
2. Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company which are repetitive in nature.
3. The audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
4. 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.
 - (ii) the indicative base price/ current contracted price and the formula for variation in the price, if any.

5. 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 rupees one crore per transaction.
6. Such omnibus approvals will be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
7. Audit Committee shall review, at least on a quarterly basis, the details of all related party transactions entered into by the Company including pursuant to each of the omnibus approval given.

➤ **Board of Directors**

1. As per the provisions of Section 188 of the Companies Act, 2013, except with the consent of the Board of Directors given by a resolution at a meeting of the Board, no company shall enter into any contract or arrangement with a related party with respect to—
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the company:

Nothing in this clause shall apply to any transactions entered into by the Company in its Ordinary course of business other than transactions which are not on an Arm's Length Basis.

2. Where any Director is interested in any Related Party Transaction, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such transaction.
3. The Board shall monitor and manage potential conflicts of interest of management, members of the Board and shareholders including abuse in related party transactions.

➤ Shareholders Resolution

1. All Material Related Party Transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
2. Except with the prior approval of the Company by a special resolution, a Company shall not enter into a transaction or transactions, with criteria as mentioned in Rule 15 (3) (a) of Companies Rules, 2014¹.
3. Limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
4. The turnover or Net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.
5. In case of a wholly owned Subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

➤ Other Provisions

1. Transaction entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the

¹ Vide Board meeting held on February 11, 2021, substituted by adding “in Rule 15 (3) (a) of Companies Rules, 2014” in place of

“below -

(i) sale, purchase or supply of any goods or materials, exceeding 10% of the turnover of the Company or Rs.100 crore, whichever is lower

(ii) selling or disposing of or buying property of any kind, exceeding 10% of net worth of the Company or Rs.100 crore, whichever is lower

(iii) leasing of property of any kind, exceeding 10% of the net worth of the Company or 10% of turnover of the Company or Rs.100 crore, whichever is lower

(iv) availing or rendering of any services, exceeding 10% of the turnover of the Company or Rs.50 crore, whichever is lower

(v) for appointment to any office or place of profit in the company, its subsidiary Company or Associate Company at a monthly remuneration exceeding Rs.2.5 lakh

(vi) for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the Net worth”



shareholders at the general meeting for approval shall not require prior approval of the Audit Committee and shareholders.

2. Where transactions are in the Ordinary Course of Business or are at Arm's length basis, they shall not require approval of Audit Committee and Board/Shareholders, under the Act.
3. 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 special resolution in the general meeting under sub-section (1) 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 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.

V. DISCLOSURES

Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of Directors' Report. This Policy will also be uploaded in the website of MSEI and its weblink will be disclosed in the Annual Report of MSEI every year.

VI. AMENDMENTS IN LAW

- A. Any subsequent amendment/modification in the Companies Act, 2013, rules made thereunder or in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to amend this Policy.
- B. Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other authorities from time to time on the interpretation of this Policy.
- C. In the event of any inconsistency between this Policy and provision of the Companies Act, 2013 and/ or, rules made thereunder and/ or Regulation 23 of the Listing Regulations, the latter shall prevail.
