



**POLICY ON MATERIALITY AND DEALING WITH
RELATED PARTY TRANSACTIONS**

adopted by

MT EDUCARE LIMITED

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1. PREAMBLE AND BACKGROUND:

The equity shares of MT Educare Limited (“Company”) are listed on The National Stock Exchange of India Ltd.(“NSE”) and the BSE Limited (“BSE”)

As per clause 49 of the listing agreement entered into between the Company and the Stock Exchanges, inter alia, effective from 1st October, 2014 defines related party, related party transactions and also provides for the nature of approval(s) required for such transactions.

The said clause 49 of the Listing Agreement requires Companies to formulate a policy on materiality of related party transactions and also on dealing with related party transactions

Accordingly, this policy on Materiality of and dealing with Related Party Transactions (“the / this Policy”) has been formulated with a view to (i) set out criteria for entering into related party transactions, (ii) define material related party transactions and (iii) process for approval of related party transactions and material related party transactions.

2. DEFINITIONS:

The definitions of some of the key terms used in the Policy are given below:

“Related Party” means a party related to the Company (i) within the meaning of Section 2(76) of the Companies Act, and (ii) within the meaning of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange(s)

“Related Party Transaction” means:

- (i) A transaction as specified under Section 188 of the Companies Act, 2013 between the Company and Related Party within the meaning of Section 2(76) of the Companies Act, and
- (ii) A transfer of resources, services or obligations between the Company and a Related Party within the meaning of Clause 49 of the Listing Agreement, regardless of where a price is changed.

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

“Board” or Board of Directors means the Board of Directors of the Company

“Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in contract per financial year of the Company.

3 OBJECTIVE

The objective of the Policy is to set forth the criteria for entering into Related Party Transactions, define material Related Party Transactions and otherwise to lay down procedure(s) for approval of Related Party Transactions and Material Related Party Transactions.

The Policy aims to comply with Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

The Company shall enter into Related Party Transactions and the Related Party Transactions shall be reviewed and approved on the basis of this policy, subject to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

4. CRITERIA FOR EVALUATION

4.1 All Related Party Transactions shall first be reviewed and approved by the Audit Committee and recommended to the Board for approval. The Audit Committee Shall review all relevant information in respect of Related Party Transactions placed before it for approval. The Audit Committee may approve a Related Party Transaction if it determines that, based on all the information presented; the transaction does not affect interest of the Company as a whole. The Audit Committee may impose such terms and conditions on the Company or the Related Party in connection with the approval of Related Party Transactions and send such recommendations to the Board for approval.

4.2 As appropriate for the circumstances, the Audit Committee shall take into consideration the following in determining whether to approve a Related Party Transaction:

- i. Whether the transaction is in the ordinary course of the business of the Company;
- ii. Where the transaction is in the ordinary course of the business, whether the transaction proposed is detrimental to larger interest of the Company;
- iii. Irrespective of whether a transaction is in ordinary course of business or not, whether the transaction with the Related Party is proposed to be

entered into (or was entered into) on terms not less favourable to the Company than terms that could have been reached with an unrelated third party;

- iv. Purpose of, and potential benefit of the transaction to the Company;
- v. Approximate amount involved in the Related Party Transaction;
- vi. General description of the transaction including material terms and conditions;
- vii. Price or the basis of determination of price;
- viii. Business Reason for Related Party Transaction;
- ix. Description of Related Party Relationship.

5. MATERIAL RELATED PARTY TRANSACTION

- 5.1 A transaction with related party shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- 5.2 The above stated criteria of materiality are only for the purpose of compliance with Clause 49 of the Listing Agreement.

6. PROCESS FOR REVIEW AND APPROVAL

- a. All Related Party Transactions shall require prior approval of the Audit Committee. In case of transactions of repetitive nature where fixed price or fixed basis for determination of price is not available, the Audit Committee may grant omnibus approval on the basis of nature of transactions, indicative price / basis for determination of price, formula for variation, etc. if any, subject to the provisions of the Listing Agreement.
- b. The Company Secretary shall place all applicable relevant information as set out in paragraph 4.2 above in connection with a Related Party Transaction before the Audit Committee for its review and approval
- c. In case of Related Party Transactions, the Company Management shall establish arm's length nature of the transaction and place all necessary

information before the Audit Committee for its review. The Company management may refer such transaction to transfer pricing expert and obtain its written opinion as to arm's length nature of transaction and place the same before the Audit Committee.

- d. Such expert opinion may not be obtained in case of transaction of inter-corporate deposits, investments in share capital of the wholly owned subsidiary companies or where total revenue out go by the Company does not exceed Rs.20,00,000/- per related Party in a financial year of the Company.
- e. In the event the Company Management determines that it is impracticable or undesirable to wait until a next scheduled meeting of the Audit Committee to enter a related Party transaction, such transactions may be approved by the Audit Committee by circular resolution based on this policy and statutory and regulatory provisions in force.
- f. The Audit Committee may also grant omnibus approval to any Related Party Transaction based on the conditions set out in Clause 49 of the Listing Agreement.
- g. If the Audit Committee determines that a Related Party Transaction should be brought before the Board or if the Board in any case elects to review any such transaction or it is mandatory under law to seek Board's approval for Related Party Transactions, then the Board shall consider and approve such Related Party Transactions at its meeting and the considerations set forth above shall apply to Board's review and approval of such transaction.
- h. All Related Party Transactions (as defined in para 5.1 above) shall require approval of the Shareholders through special resolution.
- i. All Related Party Transactions within the meaning of Section 188 of the Companies Act, 2013 in excess of the limit prescribed under the said Section, which are not in the ordinary course of business and which are not at arm's length shall require prior approval of the shareholders through special resolution.
- j. During Financial year 2014-15, being the first financial year in which the provision of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement has been made effective, the Company shall obtain

approval of the Audit Committee and the Board, who shall ratify the same based on this policy for the time being in force.

7. VALIDITY OF APPROVAL

- 7.1 The approval to any Related Party Transaction granted by the Audit Committee and the Board shall remain valid for the period for which it is granted, provided, however, that in case of contracts for duration of more than 12 months, the company Management shall justify arm's length nature to the Audit Committee / Board after the expiry of every third year except circumstances warrant earlier.
- 7.2 In case of revision in commercial terms of any Related Party Transaction approved by the Audit Committee / Board, such revision shall first be placed before the Audit Committee and then to the Board for approval.

8. SCOPE OF LIMITATION:

In the event of conflict between this Policy and the provisions of the Companies Act, 2013 or the provisions of the Listing Agreement, then the provisions of the Companies Act, 2013 or the provisions of the Listing Agreement, as the case may be, shall prevail.

9. DISCLOSURE:

The Company shall post this Policy on its website and web link thereto shall be provided in the annual report

10. POLICY VALIDATION AND REVIEW:

This policy will be reviewed by the Audit Committee as and when it deems fit or any changes in the Policy becomes necessary due to change in Companies Act, 2013 or the provision of the Listing Agreement.