

## BOARD DIVERSITY POLICY

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### 1. PURPOSE

- 1.1. As per the requirements under the Regulations 19(4) read with Sub-clause (3) Para A of Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the “**Listing Regulations**”) and such other regulatory provisions, as applicable the Nomination and Remuneration Committee of the Company (the “**NRC**”) is required to devise a policy for having diversity on the board of directors (the “**Board**”) of MSTC Limited (“**MSTC**” or “**Company**”). The Board diversity policy (the “**Policy**”) sets out a framework to achieve adequate diversity on the Board of the Company.

### 2. INTRODUCTION

- 2.1. Board diversity is vital to handle various factors such as globalisation of business, rapid deployment of technology, greater social responsibility, ever rising emphasis on corporate governance, enhanced need for risk management, etc. so as to facilitate effective management of the business of MSTC and to keep pace with changing dynamics of the business environment.
- 2.2. Board diversity is the breadth of perspective, not the mere inclusion of various diverse traits that will benefit the organisation. MSTC believes that a diverse Board will enhance the quality of decision made by the Board by utilizing the different skills, qualification, experience, knowledge, etc. of the Board necessary for achieving sustainable and balance development.

### 3. SCOPE OF APPLICATION

- 3.1. The Policy applies only to the members of the Board and not to the employees of the Company.

### 4. EFFECTIVE DATE

- 4.1. This Policy shall be effective from the date of approval by the Board, unless specified otherwise.

### 5. POLICY STATEMENT

- 5.1. The Companies Act, 2013, as amended and the rules made thereunder (the “**Companies Act**”) read with the Listing Regulations, as amended, require the Board and the NRC to formulate the criteria for determining

qualifications, positive attributes and independence of directors.

- 5.2. The Company presently has its registered office in West Bengal, Kolkata, India. It's Regional and Branch offices are located throughout India. Hence, it recognises and embraces the benefits of having a diverse Board and seeks increasing diversity at the Board level as an essential element in maintaining competitive advantage. It is recognised that the Board composed of appropriate qualified people with a broad range of experience relevant to the business is important to the effective corporate governance and sustained commercial success of MSTC.
- 5.3. A truly diverse Board will include and make good use of differences in skills and industry experience, background and other distinctions between directors.
- 5.4. As per the articles of association of MSTC (the "**Articles of Association**"), MSTC being a Government of India ("**GOI**") enterprise, all Board appointments are made by the President of India on the basis of merits such as the individual candidate's skills, experience, independence and specialization in one or more areas and candidate will be considered against the objective criteria, with due regards for the benefits of diversity on Board as well as the candidate's contribution to the operation of MSTC which the Board as a whole requires in order to be effective.
- 5.5. Once appointed by the GOI, the appointments are taken on record by the Board. The GOI normally takes into account, includes and makes good use of diversity in the skills, qualifications, age, profession & industry, experience and expertise, irrespective of race, caste, creed, religion, disability, gender and culture. NRC shall seek to address Board vacancies by actively considering candidates that bring diversity of back ground and opinion from amongst eligible candidates with related expertise and experience and recommend their names to GOI for consideration for appointment as independent directors.
- 5.6. In the process of attaining a diverse Board based on the aforementioned norms, the following should also be assessed.
  - a. The total number of directors shall be in accordance with the Articles of Association.
  - b. The Board should have an optimum number of executive and non-executive directors and not less than 50% of the Board should consists of the non- executive directors and shall have at least one (1) woman director on the Board subject to the applicable laws.
  - c. When the chairperson of the Board is a non-executive director, at least one third of the Board shall comprise of independent directors and when the Company does not have a regular non-executive chairperson, or when

the regular non-executive chairperson is a promoter or related to any promoter or person occupying management position at the Board level or at one level below the Board, at least half of the Board shall comprise of independent directors.

- d. While appointing the independent directors, care should be taken as to independence of the proposed appointee.
- e. Directorships in other Companies may also be taken in account while determining the candidature of a person.
- f. The overall composition of the Board should comply with the provisions of the Articles of Association, the Companies Act, the Listing Regulations and the statutory, regulatory and contractual obligations of MSTC.

## **6. STAKEHOLDER DIVERSITY**

- 6.1. Subject to the provisions of Section 151 of the Companies Act, the Company may, upon notice of not less than 1,000 shareholders or one-tenth of the total number of such shareholders, whichever is lower, have a small shareholders' director elected by the small shareholders.

For the purpose of aforesaid clause “**Small shareholders**” means a shareholder holding shares of nominal value of not more than twenty thousand rupees or such sum as may be prescribed under the Companies Act.

## **7. MEASURABLE OBJECTIVES**

- 7.1. NRC will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

## **8. MONITORING AND REPORTING**

- 8.1. The Policy, as described herein and as applicable, shall also be disclosed in MSTC's annual report. The Policy shall also be disclosed on the website of MSTC for public information.

## **9. REVIEW OF THE POLICY**

- 9.1. NRC will review the Policy annually, which will include an assessment of the effectiveness of this Policy. In reviewing Board composition, the NRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and

responsibilities effectively.

- 9.2. The NRC will also assess Board composition on behalf of the Board and recommend to the Central Government, the appointment of new directors based on their qualification, positive attributes and independence.