

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

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1. BACKGROUND

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board of Directors of Indo Thai Securities limited (the company) at its meeting held on 25th January 2025 had approved a Policy on Materiality of & dealing with related party transactions. This Policy shall be called the Policy on materiality of Related Party Transactions and dealing with Related Party Transactions.

1.1. Objective

- a) Related Party Transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013 ("the Act") and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") require the companies to have enhanced transparency and due process for approval of the Related Party Transactions. Pursuant thereto, Section 188 of the Act and Regulation 23 of the Listing Regulations require the Company to formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Board.
- b) Accordingly, the Board of Directors of the Company has adopted this Policy with regard to Related Party Transactions. The Audit Committee of the Company will review this Policy once in every three years and propose any modifications to the Board for approval.

2. APPLICABILITY

The Policy applies to Indo Thai Securities Limited.

The Policy shall become effective from 25th January 2025.

3. DEFINITIONS

- 3.1. **Arm's length transaction** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 3.2. **Audit Committee** means the Audit Committee of the Board of Directors of the Company.
- 3.3. **Board** means the Board of Directors of the Company.
- 3.4. **Company** means Indo Thai securities Limited .
- 3.5. **Companies Act** means Companies Act, 2013 as amended from time to time.
- 3.6. **Key Managerial Personnel** or "KMPs" means Key Managerial Personnel as defined under the Companies Act.
- 3.7. **Material Related Party Transaction** in relation to the Company means a Related Party Transaction(s) which individually or taken together with previous transactions with a related party during a financial year, exceeds Rs. 1,000 crore or ten per cent of the annual consolidated turnover of the Company, whichever is lower, as per the last audited financial statements of the Company.

Notwithstanding the above, 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 individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- 3.8. **Ordinary Course of Business** with reference to a transaction with a Related Party means a transaction which is: carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time; meets any other parameters/ criteria as decided by the Board/ Audit Committee, from time to time.
- 3.9. **Material Modification** means any subsequent change to an existing Related Party Transaction, having variance of 25% of the existing limit or 10 crores whichever is higher.
- 3.10. **Policy** means Policy on materiality of Related Party Transactions and dealing with Related Party Transactions, as amended from time to time.
- 3.11. **Related Party** in relation to the Company means related party as defined under 2(1)(zb) of the SEBI Listing Regulations as amended from time to time
- 3.12. **Related Party Transaction** means related party transaction as defined under 2(1)(zc) of the Listing Regulations and Section 188 of the Companies Act as amended from time to time.
- 3.13. **Relative** means any person as per Section 2(77) of the Act and rules prescribed thereunder and as per Regulation 2 (1) (zd) of the Listing Regulations as amended from time to time, means anyone who is related to another,
 - if they are members of a Hindu Undivided Family; or
 - they are husband and wife; or
 - One person is related to another in the following manner, namely:
 - Father, including step-father;
 - Mother, including step-mother;
 - Son, including step-son;
 - Son's wife;
 - Daughter;
 - Daughter's husband;
 - Brother, including step-brother; and
 - Sister, including step-sister

3.14. Listing Regulation Means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4. APPROVAL OF RELATED PARTY TRANSACTIONS

- 4.1. All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.
- 4.2. All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

5. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

- 5.1. A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
- 5.2. The contract/arrangement shall not be entered into without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contractor arrangement.

6. DISCLOSURE OF RELATED PARTY TRANSACTIONS

- 6.1. Every contract or arrangement which shall be entered into pursuant to section 188(1) of the Companies Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- 6.2. The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- 6.3. The Company shall submit on 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 by the Board to the stock exchanges and publish the same on its website.

6.4. The Company shall disclose the 'loans and advances (by listed entities and its subsidiaries) in the nature of loans to firms / companies in which directors are interested in the Corporate Governance Report which shall be part of the Annual Report of the Company.

7. AMENDMENT

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

8. REVIEW POLICY

The Policy shall be reviewed by the Board at least once every three years and updated accordingly, any subsequent amendment/modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.