

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

1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of a company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulations 23 read with 2(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time, Indo Thai Securities Limited ("Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions

Also, Regulation 23(1) of the SEBI Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company ("Board") based on the recommendations of the Audit Committee. Going forward, the Audit Committee will review the Policy at least once every three years and amend the Policy, as and when required, subject to the adoption by the Board.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the basis of identifying related parties of the Company as well as related party transactions, (b) the materiality thresholds for related party transactions and (c) the manner of entering into transactions between the Company and its related parties based on the Act read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

- i. **"Act"** means the Companies Act, 2013 as amended from time to time;
- ii. **"Audit Committee"** shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations.
- iii. **"Board of Directors" or "Board"** means the collective body of the Directors of the Company, as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.
- iv. **"SEBI Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- v. **"Regulation 23"** means the Regulation 23 of the SEBI Listing Regulations.
- vi. **"Arm's Length Transaction"** means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest.
- vii. **"Ordinary course of business"** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
- viii. **"Company"** means Indo Thai Securities Limited;

- ix. **"Relative"** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder;
- x. **"Related Party"** shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.
- xi. **"Related Party Transaction"** have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:
 - a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
 - b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.

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, including but not limited to the following –

- 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. appointment to any office or place of profit in the Company, its subsidiary or associate company
- g. underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (b) corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.

services from company or any of its subsidiaries by its directors or key managerial personnel or its subsidiary, and relatives of such directors or key managerial personnel, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

Further, remuneration and sitting fees paid by company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.

- xii. **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of the SEBI Listing Regulations which is provided below:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to up to ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5,000 Crore, whichever is lower.

Note: Consolidated Turnover for the purpose of the abovementioned table shall be taken as audited consolidated turnover as on immediately preceding financial year.

In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- xiii. **“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP in compliance with the provisions of Regulations 2(1)(o) and 6 of the SEBI Listing Regulations and Section 2(51) read with Section 203 of the Act.
- xiv. **“Industry Standards”** shall mean the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” as notified by SEBI vide its circular dated October 13, 2025, and subsequently as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

4. Materiality Threshold

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction (“RPT”) exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the related parties

("RPs") of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only negative vote to reject the resolution seeking approval of material RPT(s)).

The Company has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty: 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party exceeding thresholds mentioned in Schedule XII of the SEBI Listing Regulations. The thresholds are provided below:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to up to ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5,000 Crore, whichever is lower.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Audit Committee and the Board, at least once in every three years and updated accordingly.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

a. Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

b. Identification of Related Party Transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- Material Related Party Transactions
- Other Related Party Transactions, but with promoter or promoter group or person/entity in which promoter or promoter group has concern or interest.
- Residual Related Party Transactions.

The industry standards are not applicable to RPTs with value less than ₹1 crore in a year.

6. APPROVAL OF RELATED PARTY TRANSACTIONS

- a. 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.
- b. 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.

7. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

- a. A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
- b. 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.

8. DISCLOSURE OF RELATED PARTY TRANSACTIONS

- i. 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.
- ii. The details of material transactions with related parties are required to be submitted to the stock exchanges on a half yearly.
- iii. 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.
- iv. 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.

9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

10. 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.

11. 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.