

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

### **1. Preamble:**

The Board of Directors (the "Board") of **International Securities Limited** (the "Company"), pursuant to regulation 23 (1) of the Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (including any amendment or re-enactment thereof from time to time) has adopted the following policy and procedures with regard to Related Party Transactions. The Board may amend this policy from time to time.

### **2. Purpose:-**

This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its related party. The Company is required to disclose material Related Party Transactions quarterly along with the compliance report on corporate governance to the Stock Exchange(s).

### **3. Definitions:-**

**"Act"** shall mean the companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

**"Audit Committee"** means a Committee constituted pursuant to section 177 of the Companies Act, 2013 & rules made there under and regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment or re-enactment thereof from time to time).

**"Control"** Shall have the same meaning as defined in SEBI (Substantial acquisition of shares and Takeovers) Regulations, 2011.

**"Director"** means a director appointed on the Board of the Company.

**"Key Managerial Personnel"** or KMP means key managerial personnel defined under section 2(51) of Companies Act, 2013;

**"Related Party"** means related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

**"Related Party Transaction"** means a transfer of resources, services or obligations between a 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.

**"Material Related Party Transaction"** means transaction / transactions with a related party to be entered into whether 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.

#### **4. INTERPRETATION:-**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and/or any other SEBI Regulation(s) as amended from time to time.

#### **5. Policy and Procedure:-**

##### **a) Policy:-**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

##### **b) Procedure:-**

##### ***i. Identification of Potential Related Party Transactions:***

Each director and Key Managerial Personnel is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

##### ***ii. Review and Approval of Related Party Transactions***

Every Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

All Related Party Transactions (Other than Material Related Party Transactions) which are not in ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of resolution relating to such transactions.

All the Material Related Party Transactions shall require approval of the shareholders and the Related Parties shall abstain from voting on such resolution.

Further, all such related party transactions exceeding threshold limits prescribed in the Act shall require prior approval of shareholder by way of Ordinary Resolution and related party/ies shall abstain from voting on such resolution.

***iii. Decision regarding transaction in ordinary course of business and on arm's length basis***

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm's length basis. In case the Board is not able to arrive at such a decision, the same shall be decided by the Independent Directors, whose decision shall be final.

**6. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED:**

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

**7. DISCLOSURES:-**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

This policy will be communicated to all operational employees and other concerned persons of this Company and shall be placed on the website of the company at [www.internationalsecuritiesltd.com](http://www.internationalsecuritiesltd.com).

**8. Policy Review:-**

This Policy is framed based on the Companies Act, 2013, and rules thereunder and the requirement of the SEBI LODR.

In case of any subsequent changes in the provision of Companies Act, 2013 and SEBI LODR or any other regulations ("the Regulations") which make any of the provisions in the policy inconsistent with Regulations, the provision of Regulations would prevail over the policy and the provision of policy would be modified in due course to make it consistent with the regulations.

The policy shall be reviewed by Audit Committee as when any changes are required to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the committee would be presented for approval of the Board of Directors.