



IST Limited

Corporate Office:
A – 23, New Office Complex,
2nd Floor, Defence Colony,
New Delhi – 110024

Phone: 01124694291-92
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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE

IST LIMITED (the “Company”) recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s and its stockholders’ best interests.

The Board of Directors (the “Board”) of IST Limited (the “Company”), has adopted the Policy on Materiality of Related Party Transactions (the “Policy”) with regard to identification of related parties and review, approval and conduct of transactions entered into with the Related Party in compliance with the requirements of the Companies Act 2013 and Rules made thereunder (the “Act”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”/ “SEBI LODR”), any subsequent amendments thereto and applicable accounting standards, in order to ensure the transparency and procedural fairness of such transactions.

2. APPLICABILITY:

This Policy shall be applicable to all Related Party Transactions between the Company and its Related Parties.

3. DEFINITIONS

- a. “Act” means the Companies Act, 2013 read with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”);
- b. “Applicable Law” means the Companies Act, 2013 and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (SEBI LODR) and includes any other statute, law, standards, regulations or other government instruction relating to Related Party Transactions;
- c. “Arm’s Length Basis” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest;
- d. “Associate Company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a Subsidiary company of the Company having such influence and includes a joint venture company.
Explanation- (i) For the purposes of this clause, “Significant Influence” means Control of at least twenty percent of total share capital, or of business decisions under an agreement.
(ii) “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
- e. “Board Level Audit Committee” or “Committee” means “Audit Committee” of the Board of Directors of the Company.
- f. “Board” means the Board of Directors of IST Limited;
- g. “Key Managerial Personnel” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.



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- h. **“Material Related Party Transactions”**: a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year
- Exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower;
 - With respect to brand usage or royalty, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
- i. **“Related Party”** means related party as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and includes the following:
- (i) Parties covered under section 2(76) of the Companies Act, 2013; or
 - (ii) Parties covered under the Ind AS-24.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares, (i) of 20% or more; or (ii) of 10% or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

- j. **“Relative(s)”** shall have the same meaning as assigned to it under Section 2(77) of the Companies Act, 2013 and the Rules made thereunder and Regulation 2(1)(zd) of SEBI LODR.
- k. **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:
- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
 - (ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a Related Party Transaction:

- (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;



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- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
- payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - buy-back of securities.
- (c) acceptance of fixed deposits by banks/ Non-Banking Finance Companies at the terms uniformly applicable/ offered to all shareholders/ public, subject to disclosure of the same along with the disclosure of Related Party Transactions every six months to the stock exchange(s), in the format as specified by the Board.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

- k. **“Specified Transaction”** means such transactions as may be prescribed under the Companies Act, 2013 and Rules framed thereunder and includes the following transactions as per section 188 of the Act:
- Sale, purchase or supply of any goods or materials;
 - Selling or otherwise disposing of, or buying property of any kind;
 - Leasing of property of any kind;
 - Availing or rendering of any services;
 - Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
 - Underwriting the subscription of any securities or derivatives thereof, of the Company; and
- l. **“Threshold Limits”** means the following limits as prescribed under the Companies Act, 2013 and the Rules made thereunder, in respect of the specified transactions and as amended from time to time:

Nature of Transaction	Threshold Limits
Sale, purchase or supply of any goods or materials (Directly or through agent)	10% or more of turnover of the Company
Selling or otherwise disposing of, or buying property of any kind (Directly or through agent)	10% or more of net worth of the Company
Leasing of property of any kind	10% or more of turnover of the Company
Availing or rendering of any services (Directly or through agent)	10% or more of turnover of the Company
Appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company	Remuneration exceeding INR 2.5 Lakhs per month
Underwriting the subscription of any securities or derivatives thereof, of the Company	Remuneration exceeding 1% of net worth of the Company



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Note: The Turnover or Net Worth for the purpose of the threshold limits shall be considered on the basis of Audited Financial Statement of the preceding financial year.

- m. “Material Modification”** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

Provided that change in the value of RPT on account of following shall not be considered as Material Modification:

Change in the existing RPT due to the reasons beyond the control of the Related Parties
Change due to revision / imposition of statutory levies like taxes, duties etc.

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

4. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

A. Approval of the Audit Committee

All Related Party Transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2) (other than those entered into by the Company with its wholly owned subsidiary) shall require prior approval of the Audit Committee of the listed entity

Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

While considering any transaction, the Audit Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company, or any other relevant matters.

Omnibus Approval by the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions which are

- (i) repetitive in nature;
- (ii) in ordinary course of business;
- (iii) are on arm’s length basis, and
- (iv) within the Threshold limits
- (v) maximum value per transaction: Rs 1 Crs. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a Financial Year is Rs. 10 Crs.



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Criteria for Omnibus Approval

The Audit Committee has laid down criteria for granting omnibus approval in line with this policy. The omnibus approval where granted shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

The approval shall specify the following:

- a) Name(s) of the related party.
- b) Nature of transaction.
- c) Maximum amount of transaction that can be entered into.
- d) Period of transaction.
- e) The indicative base price/current contracted price and the formula for variation in the price, if any.
- f) Any other condition as deemed fit and proper by the Audit Committee

Provided that where the need for the RPT cannot be foreseen and details given above are not available, the Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding Rs 1 Cr. per transaction.

The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

Such approval of Board Level Audit Committee may be obtained by way of circular resolution or at a duly convened meeting of the Audit committee.

B. Board of Directors

All cases where the Related Party Transactions are not in the ordinary course of business and/or are not on arm's length basis but within the prescribed limits as per the Companies (Meetings of Board & its Powers) Rules, 2014, shall be brought before the Board of Directors for approval through Audit Committee.

All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis, (b) Material Related Party Transactions, requiring the approval of the shareholders, shall also need to be approved by the Board.

Such approval of Board may be obtained at a duly convened meeting.

C. Shareholders

All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis, (b) Material Related Party Transactions, shall require approval of shareholders through resolution (after due approval by the Board).



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D. General

- a. Apart from other provisions of the Act, in terms of regulation 23 of SEBI (LODR) Regulations, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.
- b. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- c. With effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- d. Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- e. Approval of Board and shareholders shall not be required in the following cases of Material Related Party Transactions which are on arm's length and in the ordinary course of business:
 - i. transactions entered into between two government companies;
 - ii. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
 - iii. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.]

Explanation. - For the purpose of clause (a), "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.



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5. DISCLOSURES

All disclosures pertaining to Related Party Transactions required under the Section 188 of the Companies Act 2013 and SEBI Listing Regulation shall be made accordingly.

6. LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulation/ Companies Act, 2013 or any other statutory enactments, rules, then, the provisions of the Listing Regulation/ Companies Act, 2013 or other statutory enactments, rules, as the case may be shall prevail over this Policy and shall be adhered to accordingly by all concerned.

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Note: This Policy modified and approved by the meeting of Board of Directors held on 14th March 2023, with immediate effect.