

INTEGRATED CAPITAL SERVICES LIMITED (ICSL)

RELATED PARTY TRANSACTIONS POLICY

1. **PREAMBLE:**

The Board of Directors (the “**Board**”) of Integrated Capital Services Limited (the “**Company** or “**ICSL**”) has adopted the following policy and procedures with regard to Related Party transactions. The Audit Committee is permitted to review and amend this Policy from time to time.

This Policy will be applicable to the Company in the matter of regulation of transactions between the Company and its Related Parties, the transactions and Related Parties to be determined based on applicable laws and regulations.

2. **PURPOSE:**

This Policy is framed as per requirement of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interests of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. **DEFINITIONS:**

“**Audit Committee or Committee**” means Audit Committee of the Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

“**Board**” means the Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, defined as under:

“Control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

“**Key Managerial Personnel**”, in relation to a Company, means (as defined under the Companies Act, 2013) -

- i. The Chief Executive Officer or the Managing director or the Manager;
- ii. The Company Secretary;
- iii. The Whole-Time Director; and
- iv. The Chief Financial Officer; and
- v. Such other officers as may be prescribed

“**Material Related Transaction**” means a transaction with a related party if the transaction/s to be entered into individually or taken together with previous transaction/s entered into with such related party, during a financial year, exceeds the higher of five percent (5%) of the annual turnover or twenty percent (20%) of the net worth of the Company as per the last audited financial statements of the Company.

“**Policy**” means Related Party Transactions Policy

“**Related**” means an entity shall be considered as related to the Company if:

- i. Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- ii. Such entity is a related party under applicable Accounting Standards.

“Related Party Transactions” means any transaction, directly or indirectly, with any Related Party which is a transfer of resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if-

- i. They are members of a Hindu Undivided Family;
- ii. They are husband and wife;
- iii. Father (including step father);
- iv. Mother (including step mother);
- v. Son (including step son);
- vi. Son’s wife;
- vii. Daughter;
- viii. Daughter’s husband;
- ix. Brother (including step-brother); and
- x. Sister (including step-sister)

4. POLICY:

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

4.1 PROCEDURES FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- (a) All Related Party Transaction or changes therein must be reported by the Chief Financial Officer and the Compliance Officer and referred for the prior approval by the Audit Committee in accordance with this Policy.
- (b) The Audit Committee will undertake an evaluation of the proposed Related Party Transaction/s. If the evaluation indicates that the Related Party Transaction/s would require the approval of the Board or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction/s, together with a summary of material facts, to the Board for its approval.
- (c) If the Board is of the view that the Related Party Transaction/s needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to Companies Act, 2013 or any other applicable law, the same shall be put up for approval of the Shareholders of the Company.
- (d) If the prior approval of the Audit Committee / Board / General Meeting for entering into a Related Party Transaction/s is not feasible, then the Related party Transaction/s shall be ratified by the Audit Committee and the Board / General Meeting, if required, within 3 months of entering in the Related Party Transaction.
- (e) In any case where the Audit Committee / Board / General Meeting determines not to ratify a Related Party Transaction/s that has / have commenced without approval of the Committee or the Board or the General Meeting, as appropriate, the Board may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction/s, the Audit Committee / the Board have authority to modify or waive any procedural requirements of this Policy.

- (f) In determining whether to approve or ratify a Related Party Transaction/s, the Audit Committee / the Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction/s is / are on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances.
- (g) No Director or Key Managerial Personnel shall participate in any discussion or approval of Related Party Transaction/s for which he or she is a Related Party, except that the Director / Key Managerial Personnel shall provide material information concerning the Related Party Transaction/s to the Audit Committee / the Board.
- (h) If a Related Party Transaction/s will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the Policy on Related Party Transaction/s of the Company and such approval shall be in respect of transaction/s which are repetitive in nature.
- (i) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- (j) The omnibus approval shall specify, (i) the name/s of the Related Party, nature of transaction/s, period of transaction/s, maximum amount of transaction/s that can be entered into, (ii) the indicative price / current contracted price and the formula for variation in the price, if any and (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction(s) cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transaction(s) subject to following:

- a) During a financial year, exceeds the higher of five percent (5%) of the annual turnover or
 - b) Twenty percent (20%) of the net worth of the Company as per the last audited financial statements of the Company.
- (k) Thereafter, the Audit Committee shall review atleast on a quarterly basis, the details of Related Party Transaction/s entered into by the Company pursuant to each of the omnibus approval given.
 - (l) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
 - (m) In addition, Audit Committee / the Board may review any Related Party Transaction/s involving Independent Directors as part of the annual determination of their independence.
 - (n) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

4.2 STANDARDS FOR REVIEW

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorised by Audit Committee / the Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- (a) The Related Party's interest in the Related Party Transaction;
- (b) The appropriate amount involved in the Related Party Transaction;

- (c) The appropriate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- (d) Whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (e) Whether the transaction with the Related Party is proposed to be, or was, entered on an arm's length basis;
- (f) The purpose of, and the potential benefits to the Company, from the Related Party Transaction;
- (g) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transaction, if any;
- (h) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction;
- (i) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;
- (j) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the interests of the Company;
- (k) Whether the Company was notified of any improper conflict of interest, as per provisions of law, for any director or key managerial personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee/ Board deems relevant.
- (l) Required public disclosure, if any; and
- (m) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / the Board / Shareholders, as applicable in light of the circumstances of the particular transaction,

The Audit Committee / the Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company.

The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

4.3 DETERMINATION OF ORDINARY COURSE OF BUSINESS

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company, including but not limited to, sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity as carried out in a normal organized manner for determination of what is in the ordinary course business.

4.4 Determination of Arms Length nature of the Related Party Transaction

- (a) Price Determination

At the time of determination of arms length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms' length pricing as per applicable law including such prices where the benefits of safe harbor is available under applicable law; and
 - (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion.
- (b) Underwriting and screening of arms' length Related Party Transaction
 - (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party; and
 - (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.
- (c) Related Party Transaction limits
 - (i) The Related Party Transaction must be within the lower of the following transaction limits with respect to any Related Party:
 - (I) Limits on Material Related Party Transaction; and
 - (II) Expected transaction volumes based on past transactions with Related Parties using linear rate of growth as evidence by past data.
 - (ii) Credit limits extended to the Related Party must be as applicable to unaffiliated parties.

If the Audit Committee is of the opinion that the Related Party Transaction meets the aforesaid criteria of ordinary Course of Business and Arms' Length nature, the Related Party Transaction will not be treated as a Related Party Transaction for the purpose of this Policy.

4.5 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- a) Each Director / Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer, in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transactions does, in fact , constitute a Related Party Transaction requiring compliance with this policy.
- b) Every Director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence in such discussions or decisions that may be taken in the said regard.
- c) Where any Director/ Key Managerial Personnel, who is not concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- d) A contract or arrangement entered into by the Company without disclosure or with participation by a Director/ Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

- e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement, or even its completion, may be appropriate in some circumstances.

4.6 DISCLOSURES

- (a) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Material Related Party Transactions shall be disclosed on a quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- (c) The Company is also required to disclose this policy on the website of the Company.
- (d) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

This Policy will be communicated to all operational employees and other concerned persons of the Company.