

## **Policy on Related Party Transactions**

### **I. Scope and Purpose of the Policy**

1. Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), requires every listed entity to frame a policy to deal with Related Party Transactions, including formulating a policy on materiality of Related Party Transactions. In compliance with this requirement, this Policy on Related Party Transactions ("**Policy**") has been adopted by Board of Directors of InSolare Energy Limited ("**Company**"), in order to set forth the procedures under which certain transactions are to be reviewed and approved or ratified by the Audit Committee or the Board of Directors or the shareholders as per the provisions of the Companies Act, 2013 ("**Act**") and the LODR Regulations, as may be amended.

### **II. Objective of the Policy**

2. The Board of Directors of the Company vide a resolution dated 16<sup>th</sup> June, 2025 on the recommendations of the Audit Committee, has adopted this Policy. The objective of this Policy is to regulate the transactions between the Company and its related parties based on the laws and regulations applicable to the Company. It aims to uphold fairness in business practices by maintaining arm's length pricing and preventing potential conflicts of interest that could influence decision-making.

### **III. Definitions**

3. For the purpose of this Policy, unless the context otherwise requires, the following words and expressions shall have the meanings assigned herein. Words and expressions used and not defined in this Policy but defined in other policies or Applicable Laws shall have the meanings respectively assigned to them under the respective policies or Applicable Laws.
  - a. "**Act**" means the Companies Act, 2013 and rules issued thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

- b. **"Applicable Laws"** the Companies Act, 2013, LODR Regulations and any other statutes, guidelines, rules, circulars, notifications or regulations issued from time to time pertaining to related party transactions, as amended or supplemented or superseded from time to time.
- c. **"Arm's length transaction"** shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- d. **"Audit Committee"** means the Audit Committee of Board of Directors of the Company constituted under the provisions of the Act and the LODR Regulations.
- e. **"Board of Directors" or "Board"**, in relation to the Company, means the collective body of the directors of the Company.
- f. **"Key Managerial Personnel" or "KMPs"** shall have the same meaning as in Section 2(51) of the Act and means:
  - (i) the Chief Executive Officer ("**CEO**") or the Managing Director or the Manager;
  - (ii) the Whole-time director;
  - (iii) the Chief Financial Officer ("**CFO**");
  - (iv) the Company Secretary;
  - (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
  - (vi) such other officer as may be prescribed under the Applicable Laws.
- g. **"Material Related Party Transaction"** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the latest audited financial statements of the Company, whichever is lower. Provided that, 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 into individually or taken together with previous transactions during a financial year, exceed five percent of the Annual Consolidated Turnover of the Company.

- h. **“Material Modification”** means any change in the terms and conditions of a pre-approved Related Party Transaction to the extent of [•] variance in the value of such transaction.
- i. **“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 Memorandum & Articles of Association.
- j. **“Related Party”** shall have the meaning assigned under Section 2(76) of the Act, Regulation 2(1)(zb) of the LODR Regulations, and the applicable accounting standards, as amended from time to time.
- k. **“Related Party Transaction”** means a transaction with a Related Party and shall include the transactions set out in the definition of ‘related party transaction’ under Regulation 2(1)(zc) of the LODR Regulations, as amended from time to time.

#### **IV. Identification of Related Parties and the Related Party Transactions**

- 4. Pursuant to the applicable provisions of the Act and other relevant regulations, all Directors and KMPs shall submit a written declaration to the Company disclosing their interests and concerns in other entities. Such disclosures shall be provided:
  - a. At the time of appointment,
  - b. Periodically, as required under applicable law, and
  - c. Immediately upon any change in such interests or relationships.
- 5. Based on the disclosures, declarations, and notices received from Directors and KMPs, the Company shall compile and maintain an updated list of Related Parties, including those of its subsidiaries. This list shall be reviewed and

updated periodically to ensure compliance with the Act, the LODR Regulations, and applicable accounting standards.

6. Any potential Related Party Transaction shall be notified to the Board of Directors and the Audit Committee well in advance, providing comprehensive details of the proposed transaction. Such notice shall include all material terms, financial implications, the nature of the relationship, and any other relevant information necessary for an informed review. The Board and Audit Committee shall be given sufficient time to assess the transaction and determine its compliance with Applicable Laws and governance principles before granting approval.

## **V. Review and approval of Related Party Transactions**

### **7. Approval of the Audit Committee**

- 7.1 Unless otherwise provided under Applicable Laws, all the transactions which are identified as Related Party Transactions and material modifications/ subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under Applicable Laws. The Audit Committee shall consider all relevant factors before granting its approval to the proposed transaction.

Only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions(s).

- 7.2 The Audit Committee shall also approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds: (i) 10% of the annual standalone turnover, as per the last Audited Financial Statements of the subsidiary; or (ii) 10% of the annual consolidated turnover as per the latest financial statements of the Company.
- 7.3 The Audit Committee may grant omnibus approval for Related Party transaction(s) proposed to be entered into by the Company or its subsidiary(ies) subject to the following conditions:
  - (a) The Audit Committee shall grant omnibus approval in respect of transactions which are repetitive in nature;

(b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

(c) Such omnibus approval shall specify:

- (i) the name(s) of the related party, nature of transaction, duration of transaction, maximum amount of transaction that shall be entered into,
- (ii) the indicative base price/current contracted price and the formula for variation in the price, if any and
- (iii) such other information as required in terms of the Applicable Laws, including any Circulars issued thereunder or as the Audit Committee may deem fit;

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

7.4 Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may also grant omnibus approval for such transactions subject to their value not exceeding **[•]** per transaction.

7.5 Audit Committee shall review the following:

- (a) details of Related Party Transactions entered into by the Company or its subsidiary pursuant to the Omnibus Approval accorded in terms of clause **7.3** above, on a quarterly basis; and
- (b) status of long-term (more than one year) or recurring transactions, on an annual basis.

## 8. Approval of board of directors

8.1 Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:

- a. Transactions in which any of the Directors or the KMPs of the Company are concerned or interested.
- b. Transactions specified in Section 188(1) of the Act which are not in the Ordinary course of business and/or not on arm's length terms.

- c. Transactions which are in Ordinary course of business and at arm's length basis but which according to the Audit Committee's view requires the Board's approval.

- d. Related Party Transactions for which approval of the Board of Directors is mandatory under any Applicable Law for time being in force.

8.2 Any Board Member having a potential interest in the proposed Related Party Transaction will recuse himself and abstain from discussion and voting on the proposal for approval of the said transaction.

9. Approval of shareholders

9.1 Following Related Party Transactions shall require prior approval of the Shareholders of the Company:

- a. Material Related Party Transactions and Material Modifications thereto.

- b. Transactions specified in Section 188(1) of the Act which:

- (i) are not in the Ordinary course of business and/or not on arm's length terms; and

- (ii) exceed the threshold specified in Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification or reenactment thereof.

However, the provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

9.2 No member of the Company shall vote on the resolution to approve any transaction covered under Clause 9.1(b) above, if such member is a related party to the proposed contract or arrangement.

9.3 No Related Party shall vote to approve any transaction covered under Clause 9.1(a).

- 9.4 The information to be presented to the Audit Committee, Board, and shareholders for consideration of Related Party Transactions shall be determined as per the LODR Regulations, the Act, or in accordance with the Industry Standards prescribed by the Industry Standards Forum and any other Applicable Laws, as amended from time to time.
- 9.5 The provision of Clause 9.1 shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code 2016, subject to the event being disclosed to the stock exchanges within one day of the resolution plan being approved.

## **VI. Exceptions**

10. The approval of the Audit Committee or Board or Shareholders of the Company shall not be required for the following Related Party Transactions:
- a. Transactions entered into between the Company and its wholly-owned subsidiary whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting for approval.
  - b. Transactions entered into between two wholly-owned subsidiaries of the Company whose accounts are consolidated with such Holding Company and placed before the Shareholders of the Company at the general meeting for approval.
  - c. Transactions to which the Listed Subsidiary is a party but the Company is not a party to such transaction, if Regulation 15(2) and 23 of the LODR Regulations are applicable to such Listed Subsidiary.

Explanation: For Related Party Transaction(s) involving unlisted subsidiary(ies) of a listed subsidiary, the prior approval of the Audit Committee of the Listed Subsidiary shall be sufficient.

- d. Remuneration and sitting Fees paid by the Company or its subsidiary(ies) to its Director(s), Key Managerial Personnel, or Senior Management, excluding any individual who is a part of the Promoter or Promoter Group, shall not be subject to the approval of the Audit

Committee, provided that such remuneration and sitting fees are not Material Related Party Transaction.

- e. Any other transaction for which approval of the Audit Committee or Board or Shareholders, is not required or exempted under the Act, LODR Regulations or any other Applicable Law.

## **VII. Disclosure by the Company**

11. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
12. Adequate disclosure of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
13. Details of Related Party Transactions shall be submitted to the stock exchanges in the format and in accordance with the timelines, as specified by SEBI from time to time. A copy of such disclosure shall be posted on the website of the Company.
14. The particulars of Related Party Transactions should be entered in the registers maintained under the Companies Act, 2013, wherever applicable.
15. This Policy shall be disclosed on the website of the Company and its weblink shall be provided in the Annual Report.

## **VIII. Ratification of Transactions**

16. If the Company becomes aware of a Related Party Transaction that was executed without prior approval under this Policy, the matter shall be reviewed by the Audit Committee or the Board, as applicable, in accordance with the Act and the LODR Regulations. The Audit Committee/Board shall assess all relevant facts and circumstances, considering options such as ratification, modification, or termination of the transaction. It shall also examine the reasons for non-compliance and take appropriate corrective action.



17. The members of the Audit Committee, comprising only Independent Directors, may ratify Related Party Transactions within three months from the date of the transaction or at its immediately next meeting, whichever is earlier, subject to:
- a. the total value of the ratified Related Party Transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed [●].
  - b. the Related Party Transaction is not a Material Related Party Transaction
  - c. the business urgency and rationale for failing to obtain prior approval being placed before the Committee at the time of seeking ratification.
  - d. the ratification details being disclosed along with disclosures of other Related Party Transaction in terms of Regulation 23(9) of LODR Regulations.
  - e. the transaction not being detrimental to the Company or in violation of any law.
  - f. the Audit Committee may impose additional conditions as deemed necessary.

Failure to obtain ratification of the Audited Committee shall render the transaction voidable at the discretion of the Audit Committee. If the transaction involves a Related Party to any director or was authorized by a director, such director(s) shall indemnify the Company for any resulting losses incurred by it.

18. If a Related Party Transaction is executed without Board or Shareholder approval, as required under this Policy, it must be ratified within three months from the date of execution. The Board shall review the reasons for non-compliance and take appropriate action. If the Board or Shareholders refuse to ratify the transaction, it shall be voidable at their discretion, and the director concerned shall indemnify the Company against any resulting losses. The Audit Committee may also recommend further actions, including

rescinding the transaction or modifying policy procedures to prevent recurrence.

#### **IX. Review and Amendment of the Policy**

19. If any provision of this Policy conflicts with or is inconsistent with Applicable Laws, the provisions of the Applicable Law shall prevail. This Policy shall be subject to periodic revision and amendment to ensure compliance with the latest legal and regulatory requirements. Any amendment, clarification, guidance, or circular issued under the Applicable Laws shall take precedence, and this Policy shall be deemed amended accordingly from the effective date specified by the relevant authority.
20. The Board of Directors shall review this Policy every three years to assess its adequacy and relevance. Any queries, clarifications, or suggestions regarding this Policy may be directed to the Company Secretary at [compliance@insolare.com](mailto:compliance@insolare.com).