



**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND
DEALING WITH RELATED PARTY TRANSACTIONS OF INSOLATION
ENERGY LIMITED**

**{Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015}**

Adopted on 5th April, 2022
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1. PREAMBLE:

Insolation Energy Limited (“the Company”) recognizes that for protection of interest of all the stakeholders and general public and also for good governance, it is necessary that the Company maintains uniformity and transparency in its dealings with Related Parties. This Policy has been framed in pursuance of Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (“Companies Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”).

2. OBJECTIVE AND PURPOSE:

The objective of this Policy is to bring uniform practices relating to Related Party Transactions (“RPT”) covering the process, methodology, arm’s length pricing, approval mechanism, disclosures and compliance with the provisions of the Companies Act, 2013 and rules framed thereunder and the SEBI Listing Regulations. The policy aims to ensure that the Related Party Transactions of the Company are in line with the aforesaid statutory provisions. The Policy also aims to avoid any potential or actual conflict of interest between the Company and the stakeholders.

This Policy is applicable to all Related Party Transactions entered by the Company as per the Companies Act, 2013 and the SEBI Listing Regulations.

3. DEFINITIONS:

- 3.1 **“Act”** shall mean the Companies Act, 2013 and includes any amendment thereof and the rules made thereunder.
- 3.2 **“Audit Committee or Committee”** means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.
- 3.3 **“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 3.4 **“Board”** means Board of Directors of the Company as defined under the Companies Act, 2013.
- 3.5 **“Key Managerial Personnel”** means key managerial personnel, as defined under Section 2(51) of the Companies Act, 2013.
- 3.6 **“Related Party”** shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations. Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”.
- 3.7 **“Relative”** means relative as defined under Section 2(77) the Companies Act, 2013.
- 3.8 **“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.

- 3.9 **“Related Party Transactions”** shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188(1) of the Act.
- 3.10 **“Material modification”** means any subsequent change to an existing related party transaction, having variance of 20% of the existing limit or Rs. 10 Crores whichever is lower.
- 3.11 **“Material Related Party Transaction(s)”** means a transaction with a related party where the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceeds Rs. 1,000 crores or 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company, whichever is lower;

Notwithstanding the above, 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- 3.12 All capitalized terms used in this Policy but not defined hereinabove shall have the meaning assigned to such term in the Act and the Rules made thereunder, as amended from time to time. In case of any conflict between this Policy and applicable laws, the applicable law (as existing on the date of the concerned transaction) shall prevail.

4. IDENTIFICATION OF RELATED PARTIES AND THE RELATED PARTY TRANSACTIONS:

Every Director and Key Managerial Personnel is responsible for providing notice to the Company regarding his/her concern or interest in the entity with specific concern to parties which may be considered as related parties with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide information regarding their engagement with other entity during the financial year which may be regarded as a related party according to this policy. The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Act and the rules made thereunder and Listing Regulations as amended from time to time.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

5.1 Audit Committee

All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the SEBI Listing Regulations and the Act. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under the act and under the Regulation 23 of the SEBI Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10 (Ten) per cent of the annual standalone turnover, as per the last audited financial statements of the Company.

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 transactions.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit 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 by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of the Policy.

5.2 Board of Directors

All the contracts/arrangements prescribed under Section 188(1) of the Companies Act, 2013 and within the threshold limits prescribed under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 (as amended from time to time), which are not in the ordinary course of business of the Company and/or on arm's length basis shall in addition to the prior approval of the Audit Committee, also require prior approval of the Board of Directors of the Company, with such modification as may be necessary or appropriate under the circumstances.

5.3 Shareholders

If the event the Related Party Transaction is (i) a material transaction as per Regulation 23 of the SEBI Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, read with rules made thereunder and SEBI Listing Regulations, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by passing a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

5.4 Transactions which do not require approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of the Audit Committee, Board or the shareholders, as the case may be:

Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

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.

5.5 Related party transactions not approved under this policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the Company would seek post facto approval from the Committee or Board or the Shareholders as may be required, as per applicable laws/regulations.

5.6 Disclosure of related party transactions

Director's report shall contain details of Related Party Transactions as required under the Companies Act and SEBI LODR. The details of all transactions with related parties shall be submitted, in the format specified, half-yearly to the stock exchanges, as per the manner and timelines set-out in the SEBI Listing Regulations. The Company shall disclose this policy on its website and provide weblink in its Annual Report. Such other disclosures, as may be required under any statutory provision as may be applicable to the Company, shall be made accordingly by the Company.

6. LIMITATION, REVIEW AND AMENDMENT:

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this Policy.

Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy. The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).

7. DISCLOSURE OF THE POLICY:

This Policy will be uploaded on the website of the Company and a web link thereto shall be provided in the annual report.
