



**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 5<sup>th</sup> 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 (“the 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 Companies 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 and rules prescribed there under.
- 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 of the company.

- 3.9 **“Related Party Transactions”** shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations read with Section 188(1) of the Companies Act, 2013.
- 3.10 **“Material modification”** means any modification to the existing Related Party Transaction which has the effect of increasing or decreasing the value of original contract by 30% or more.
- 3.11 **“Material Related Party Transaction(s)”** means a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the thresholds specified in Schedule XII of the SEBI Listing Regulations which is provided below: -

<b>Consolidated Turnover of Listed Entity Threshold</b>	<b>Threshold</b>
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

*Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.*

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 read with the rules made thereunder and SEBI Listing Regulations 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 in the manner prescribed in the Act and the rules made thereunder and SEBI 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 material modifications thereof, shall be approved by the Audit Committee in the manner specified under the SEBI Listing Regulations and the Companies Act, 2013. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

**Omnibus Approval**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Listed entity or its subsidiary 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. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity or its subsidiary pursuant to each of the omnibus approvals given.

**Prior approval of the Audit Committee**

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, 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, exceeds the lower of the following: -

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of the SEBI Listing regulations (*refer point no. 3.11 of this policy*).

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following: -

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations (*refer point no. 3.11 of this policy*).

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

**Ratification by Audit Committee**

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to conditions specified under SEBI Listing Regulations.

**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**

Approval of the shareholders through resolution shall be required for: -

- (i) all material related party transaction and subsequent material modifications as per Regulation 23 of the SEBI Listing Regulations.
- (ii) All the contracts/arrangements prescribed under Section 188(1) of the Companies Act, 2013 and exceeding 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.

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**

The remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of this policy and as per the Regulation 23 of the SEBI Listing Regulations.

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.

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.

Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

**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, 2013 and SEBI Listing Regulations. 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.

**6. LIMITATION, REVIEW AND AMENDMENT:**

In the event of any conflict between the provisions of this Policy and of the Act or the SEBI 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 shall 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.

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