

## INDOSOLAR LIMITED

### POLICY ON RELATED PARTY TRANSACTIONS

#### Preamble

The Board of Directors( "the Board") of Indosolar Limited ( the Company) has adopted the following policy and procedures with regards to Related Party Transactions, as defined below, the policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company,it can present potential or actual conflicts of interest and may raise question about whether such transactions are consistent with the interest of the Company as well as its stakeholders..

#### Purpose

This Policy is framed as per requirement of Clause 49 of the Listing Agreement as amended by the Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15th September 2014 ,entered into by the Company with the Stock Exchanges and intended to ensure proper approval and reporting of transactions between the Company and its related parties.

#### Legal Provisions

RPT is governed by the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and Its Powers) Rules, 2014, Accounting Standard 18 and Part VII of Clause 49 of the Listing Agreement. Whereas Section 188 of the Companies Act, 2013 and the Listing Agreement deal with disclosure and approval requirements, AS 18 deals with disclosure of RPT in the financial statements.

#### Definitions

"**Audit Committee** " means Committee constituted by the Board of Directors of the Company constituted under the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

"**Board**" means the collective body of Directors of the Company.

"**Key Managerial Personnel**" means Key Managerial Personnel as defined under the Companies Act 2013 and Rules made there under and its includes

1. Managing Director,
2. Whole Tome Director

3. Chief Financial Officer
4. Company Secretary
5. Such other person as may be prescribed

**“Material Related Party Transaction”** means a transaction with a related party if the transaction/s to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover of the Company as per the last audited Financial Statements of the Company.

**“Policy”** means Related Party Transaction Policy.

**“Related Party”** means an entity which -:

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

**As per section 2(76) of the Companies Act, 2013** and the relevant Rules referred to above, ‘related party’ with reference to a company means:

- i) a director or his relative;
- ii) Key Managerial Personnel or his relative;
- iii) in which a director or manager or his relative is a member or director;
- iv) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid up share capital;
- v) any body corporate whose Board of Directors, managing director or Manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vi) any person on whose advice, directions or instructions a director or manager is accustomed to act:  
provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- vii) any company which is—
  - a) a holding, subsidiary or an associate company of such company or
  - b) a subsidiary of a holding company to which it is also subsidiary;
- viii) such other person as may be prescribed i.e. a director (other than an

independent director) or key managerial personnel of the holding company or his relative.

**“Relative”** means relative as defined under the Section 2(77) of the Companies Act, 2013, and includes anyone who is related to another, if -

- i) they are members of a HUF;
- ii) they are husband and wife;
- iii) father including step father;
- iv) mother including the step mother;
- v) son including step son;
- vi) son's wife;
- vii) daughter;
- viii) daughter's husband;
- ix) brother including step brother;
- x) sister including step sister.

**“Related Party Transaction”** as per the Companies Act, 2013 means any contract or arrangement with a related party with respect to;

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
  
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
  
- f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
  
- g) underwriting the subscription of any securities or derivatives thereof, of the company;

Clause 49 (VII)(A) of the Listing Agreement and AS 18 define a related party transaction as transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

## **Approvals**

As per Section 177 read with 188 of the Companies Act, 2013 and read with the relevant Rules and Clause 49 of the Listing Agreement, all transactions with the related parties will require prior approval of the Audit Committee.

If the related parties transactions falls under section 188 read with section 2(76) of the Companies Act and which are either not in the ordinary course of business or not on arms length basis require approval of the Board of Directors.

Approval of Audit Committee and the Board shall be prior approval. However, the Audit Committee may grant omnibus approval for RPT proposed to be entered into by the Company. Such approval shall be applicable in respect of transactions which are repetitive in nature. Omnibus approvals shall be valid for not exceeding one year.

Prior approval of the shareholders by special resolution is required in case of all material RPT as per Clause 49 of the Listing Agreement and all other related party transactions falls under section 188 read with section 2(76) of the Companies Act and which are either not in the ordinary course of business or not on arms length basis as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

In case of material RPT, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

## **Criteria for judging RPT**

Whether the terms of the RPT are fair to the Company and would apply on the same basis if the transaction did not involve a related party.

Whether there are any compelling business reasons for the company to enter into the RPT and the nature of alternative transactions, if any.

Whether the RPT would impair the independence of an otherwise independent director.

Based on the above criteria, it will be decided whether to go ahead with RPT by seeking necessary approvals or not.

### **Review of Related Party Transaction ("RPT")**

To review a RPT, the Audit Committee will be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party and any other relevant matters. In determining whether to approve a RPT, the Committee will consider the following factors, among others, to the extent relevant to the RPT:

Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

Whether the Related Party Transaction would affect the independence of an independent director;

Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

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 is allowed; and

Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

### **RPTs not previously approved**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board of Directors or the Shareholders as may be in accordance with this Policy for review or ratification.

The Committee or Board of Directors or the Shareholders shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such action as the Committee deems appropriate under the circumstances.

### **Disclosures**

The Policy will be disseminated on the Company website and a weblink thereto shall be provided in the Annual Report.

Details of material RPT will be disclosed quarterly along with the Compliance Report on Corporate Governance to the Stock Exchange.

### **Review / Amendment**

The Board may amend, abrogate, modify or revise any or all clauses of this Policy in compliance of the applicable provisions of the Companies Act 2013 & Rules made there under and Clause 49 of the Listing Agreement with the Stock Exchange .

### **Interpretation**

In any circumstance where the terms of the Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to conform to the law, rule, regulation or standard.