

VIKRAM SOLAR LIMITED
(Formerly known as Vikram Solar Private Limited)

POLICY ON RELATED PARTY TRANSACTIONS

SCOPE OF THE POLICY

Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under Section 188 of the Companies Act, 2013 read with Rules framed thereunder, Vikram Solar Limited has formulated a Policy on materiality of related party transactions dealing with related party transactions.

In light of the above, Vikram Solar Limited has framed this Policy on Related Party Transactions ("**Policy**"). This Policy has been adopted by the Board of Directors of the Company based on recommendation of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to adoption by the Board.

EFFECTIVE DATE

This Policy shall become effective from the date of its adoption by the Board

PURPOSE

The Board recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof. Therefore, the Board has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this Policy and approval or ratification in accordance with Applicable Laws. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions.

DEFINITIONS

1. "**Applicable Law**" means the Companies Act, 2013 and the rules made thereunder and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
2. "**Audit Committee**" means Committee of the Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013.
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.
4. "**Company**" means Vikram Solar Limited
5. "**Compliance Officer**" means an Officer of the Company as appointed by the Board to oversee Related Party Transactions, by whatever named called.
6. "**Key Managerial Personnel**" means
 - (i) The Chief Executive Officer or Managing Director or the Manager

- (ii) the Whole-time Director;
- (iii) the Company Secretary;
- (iv) the Chief Financial Officer;

7. "Material Related Party Transactions" means such Related Party Transactions to be entered into with a related party, value whereof individually or taken together with previous Related Party Transaction during a financial year, exceeds ten percent (10%) of the annual consolidated turnover of the company as per the last audited financial statements of the Company or such other threshold as may be laid down from time to time by Applicable Law.
8. "Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct the business operations and activities and includes all such activities which the Company can undertake as per the Memorandum & Articles of Association of the Company. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
9. "Relative(s)" shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act, 2013 and the Rules made thereunder and the Listing Agreement.
10. "Related Party" means any person or entity who is:
- (i) a related party under Section 2(76) of the Companies Act, 2013 read with rules issued thereunder;
 - (ii) a related party under the applicable accounting standards; or
 - (iii) Any other person or entity as may be covered under Applicable Law from time to time.
11. "Related Party Transaction" means any transaction with a Related Party involving a transfer of resources, services or obligations that is subject to the provisions of Applicable Law and shall include the following:
- (i) purchases or sales of goods (finished or unfinished);
 - (ii) purchases or sales of property and other assets;
 - (iii) rendering or receiving of services;
 - (iv) leasing of property of any kind or hire purchase arrangements;
 - (v) transfers of research and development;
 - (vi) transfers under license agreements;
 - (vii) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
 - (viii) provision of guarantees or collateral;
 - (ix) agency arrangements, management contracts including for deputation of employees; and
 - (x) settlement of liabilities on behalf of the entity or by the entity on behalf of another party;
 - (xi) appointment to any office or place of profit in the Company, its subsidiary or associate company
 - (xii) transactions between the holding company with its subsidiary and step-sub subsidiary companies
 - (xiii) Underwriting the subscription of any securities or derivatives
12. Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:
- (i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or

her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- (ii) Reimbursement of expenses incurred by a Related Party for business purpose of the Company.
- (iii) Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
- (iv) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro-rata as the Related Party.
- (v) Any transaction which is in the ordinary course of business and on an arms' length basis as determined in terms of this Policy
- (vi) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and must be approved in advance by the Audit Committee.

All terms not defined herein shall take their meaning from the Applicable Laws.

MATERIALITY THRESHOLDS

Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a Special Resolution. Vikram Solar Private Limited has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial statements of the company.

POLICY STATEMENT

A. Identification of Related Parties

The Compliance Officer and Finance (Head) shall at all times:

- a. Identify and keep on record Company's Related Parties, along with their personal/company details.
- b. The Compliance Officer shall identify such managers, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/arrangements/agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
- c. The Compliance Officer shall also set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.
- d. The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- e. The record of Related Parties and the Designated Employees identified for reporting the related party transactions shall be placed before the Audit Committee *[semi-annually]*
- f. With regard to Immaterial Transactions (defined below), internal systems may be created to ensure that the Designated Employees approving the transactions are not related to the contracting parties and alternative approving authorities are put in place. The internal systems shall be placed before the Audit Committee and shall be circulated amongst all Designated Employees for effective monitoring of all Related Party transactions whether Immaterial Transactions or otherwise.

B. *Procedures for review and approval of Related Party Transactions*

Approval of the Audit Committee

- (a) All Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy.
- (b) The threshold limits for approvals will be as follows:
- i. All transactions with Related Parties equal to the value of Rs.1 crore and above per transaction (Immaterial Transactions) shall be reported to the Committee periodically. These transactions will not require prior approval of the Audit Committee.
 - ii. Transactions with Related Parties over and above the limit of Rs. 1 crore shall require prior approval of Audit Committee whether material or not.
 - iii. Where Related Party transactions have been entered into prior to such transactions being placed before the Committee reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee.
- (c) For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to the following transactions, provided the value of the transaction does not exceed Rs. 1 crore, at the first meeting every financial year and such approvals shall be valid for that financial year only. Omnibus approvals shall be granted based on the following:
- i. Frequency of the transactions in the last [2] years;
 - ii. Volumes of transactions undertaken with such Related Parties;
 - iii. Contractual terms offered by third parties for similar transactions.
 - iv. Adherence to any conditions on the contractual terms with such Related Parties for instance floor and cap on the pricing, credit terms, escalation in costs, quality checks etc.
 - v. The omnibus approval shall provide details of:
 - The name/s of the related party, nature of transaction, period of transaction, maximum aggregate value of the particular type of transaction that can be entered into,
 - Basis of arriving at the indicative base price/ current contracted price and the formula for variation in the price if any and
 - Such other conditions as the Audit Committee may deem fit
 - vi. Such omnibus approval shall be valid for 1 year
- (d) Where the Audit Committee has granted omnibus approval for certain transactions, the transactions will be put for review before the Audit Committee half yearly in every financial year.
- (e) While assessing a proposal put up before the Audit Committee/ Board for approval, the Audit Committee/ Board may review the following documents/ seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
- Nature of the transaction i.e. details of goods or property to be acquired/ transferred or services to be rendered/ availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
 - Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;

- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
 - Special terms covered/ to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
 - Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - 1) Market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - 2) Third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - 3) Management assessment of pricing terms and business justification for the proposed transaction;
 - 4) Comparative analysis, if any, of other such transaction entered into by the Company.
- (f) Exceptions allowed under Applicable Laws to Related Party Transactions may be exempted from the scope of this policy subject to the discretion of Audit Committee.
- (g) The Audit Committee will undertake an evaluation of the Related Party Transactions. If that evaluation indicates that the Related Party Transaction 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, together with a summary of material facts, to the Board for its approval.
- (h) If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.
- (i) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (j) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.
- (k) If a Related Party Transaction will be ongoing, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, the Listing Agreement and this Policy and that the Related Party Transaction remains appropriate.
- (l) In addition, the Audit Committee / the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.

- (m) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

C. *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/giving of guarantees or collaterals or loans or any other financial assistance, 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 carried out in a normal organised manner for determining what is in the ordinary course business.

D. *Determination of Arms' length nature of the Related Party Transaction*

(a) Price Determination

At the time of determining the 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 harbour is available under Applicable Law.
- (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

(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.
- (ii) The Compliance 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:
 1. Limits on Material Related Party Transactions; and
 2. Expected transaction volumes based on past transactions with Related Parties using linear rate of growth as evidenced by past data.
- (ii) Credit limits extended to the Related Party must be usual as for unaffiliated parties.

E. *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 quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- (c) The Company is also required to disclose this Policy on its website and also provide web link to the same in the Annual Report of the Company.
- (d) The Company shall keep one or more registers as specified under Applicable Law giving separately the particulars of all contracts or arrangements with any related party.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of 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 transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

LIMITATION/ AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment/ modification in the Act and or applicable rules in this regards shall automatically apply to this Policy.

Date:

By Order of the Board

Place: Kolkata