SMART ROOF SOLAR SOLUTIONS LIMITED
POLICY ON RELATED PARTY TRANSACTION

Pursuant to Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Section 188 of Companies Act,2013 as amended from time to time.

Smart Roof Solar Solutions Limited
Gurugram

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1. INTRODUCTION

The Board of Directors (the "Board") of Smart Roof Solar Solutions Limited ("Company") has, on the basis of recommendation of the Audit Committee, adopted this Related Party Transactions Policy (this "Policy"), which defines and lays down the procedures with regard to Related Party Transactions. This policy is framed as per the provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter 'Listing Regulations') and intends to ensure proper approval, reporting and disclosure of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose the transactions with Related Parties in compliance with the Listing Regulations, Act and Accounting Standards. The Board of Directors of the Company on recommendation of the Audit Committee of the Company shall review the Policy at least once in every three years and may amend the same from time to time.

2. OBJECTIVE

The objective of this Policy is to set out:

(a) The basis of identifying related parties of the Company as well as related party transactions,
(b) The materiality thresholds for related party transactions and
(c) The manner of entering into transactions between the Company and its related parties based on the Act read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS:

1. **"Act"** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

2. **"Board of Directors"** or **"Board"** means the Board of Directors of the Company, as constituted from time to time.

3. **"Director"** means a Director on the Board of Directors of the Company.

4. **"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. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

5. **"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013 as amended from time to time.

6. **"Key Managerial Personnel"** in relation to a company, means—
   (i) the Chief Executive Officer or the managing director or the manager;
   (ii) the Company Secretary;

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(iii) the Whole-Time Director;
(iv) the Chief Financial Officer;

7. **"Policy"** means Related Party Transaction Policy.

8. **"Associate Company"** means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause

"Significant influence" means control of at least twenty per cent of total share capital, or business decisions under an agreement.
"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

9. **"Arm's Length Transaction"** means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest;

10. **"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 its Memorandum & Articles of Association. 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;

11. **"Relative"** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder;

12. **"Related Party"** means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder, applicable accounting standards and Regulation 2(1)(zb) of the listing Regulations.

13. **"Related Party Transaction or transaction ("RPT)"** "Related Party Transaction" have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:

    a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;

    b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries with effect from April 1, 2023 regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract including but not limited
    to the following –

    a. sale, purchase or supply of any goods or materials;

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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. appointment to any office or place of profit in the Company, its subsidiary or associate company
g. underwriting the subscription of any securities or derivatives thereof, of the Company.

14. "**Material Related Party Transaction**" means transaction(s) to be entered into individually or taken together with previous transactions by the Company during a financial year, exceeds the threshold specified in Schedule XII of the listing Regulations.

15. "**Material Modification**" in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction. The Audit Committee is empowered to make necessary amendment relating to such percentage, as and when deem necessary.

4. INTERPRETATION

Terms that have not been defined in this policy shall have the same meaning assigned to them in the SEBI (LODR) Regulations and Companies Act, 2013 as amended from time to time.

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel are responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

6. MATERIALITY THRESHOLDS

The Board has, in accordance with the SEBI LODR, determined that a transaction with a related party shall be considered as material if the transaction to be entered into individually or taken together with previous transactions during a financial exceeds the threshold specified in Schedule XII of the listing Regulation.

The above threshold limit shall be reviewed by the Board every three years or as per any amendments prescribed under the Companies Act, 2013 or SEBI LODR as the case may be.

In any event, if a Related Party Transaction ("RPT") exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions.

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None of the related parties ("RPs") of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only negative vote to reject the resolution seeking approval of material RPT(s)).

7. APPROVALS FOR TRANSACTIONS WITH RELATED PARTIES

❖ APPROVAL OF AUDIT COMMITTEE:

All related party transactions and subsequent material modifications shall require prior approval of Audit Committee in terms of Regulation 23 (2) of the SEBI LODR.

The related party transactions shall only be approved by the members of the Audit Committee who are independent directors.

The Company may also obtain omnibus approval from the Audit Committee for such transactions, subject to compliances set out in Regulation 23 (3) of the SEBI LODR.

A. Prior approval of the Audit Committee shall be required for:

a) All the transactions which are identified as Related Party Transactions and subsequent material modifications thereof, shall be placed before the Committee and shall be approved by the Committee in the manner specified under the Act and the Listing Regulations.

b) Further, 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 Committee 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.
   ii. the threshold for material related party transactions of the Company as specified in Schedule XII of the Listing Regulations.

c) Further, a Related Party 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 the Company is a party but the Company 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 Committee of the Company 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:

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

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The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the company or its subsidiary subject to the following conditions, namely-

a. The Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of Related Party Transactions which are repetitive in nature;

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

c. The omnibus approval shall specify:
   i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions 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 conditions as the Committee may deem fit:

   Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

d. The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.

e. Such omnibus approvals shall be valid for a period not exceeding 1 year (one year) and shall require fresh approvals after the expiry of 1 year (one year).

❖ **APPROVAL OF THE BOARD:**

A Related Party Transaction shall be placed for approval by passing a resolution in this regard at a meeting of the Board, provided that Board's approval is not required for any the Related Party Transaction to be entered into in the ordinary course of business and on an arm's length basis.

The following kinds of transactions with related parties are also placed before the Board for its approval:

a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

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c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;

d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

❖ APPROVAL OF THE SHAREHOLDERS:

All material related party transaction and subsequent material modifications shall be placed for prior approval of the shareholders in terms of Regulation 23(4) of the SEBI LODR.

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution of material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which
(a) are not at Arm's Length or not in the ordinary course of business; and
(b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL:

The following Related Party Transactions shall not require prior approval of the Audit Committee or the Board or the Shareholders, unless applicable law requires otherwise:

i. Transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

iii. Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.

iv. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

v. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

vi. Remuneration and sitting fees paid by the Company or its subsidiary(ies) to its Director, KMP or Senior Management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of the Companies Act, 2013 or the SEBI Listing Regulations;

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vii. 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 including following:

TRANSACTIONS WHICH DO NOT CONSIDERED AS RELATED PARTY TRANSACTIONS:

The following shall not be considered as Related Party Transactions:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;
ii. subdivision or consolidation of securities;
iii. Issuance of securities by way of a rights issue or a bonus issue; and
iv. buy-back of securities

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of Related Party Transactions every six months to the Stock Exchange(s), in the prescribed format;

(d) acceptance of current account deposits and saving account deposits by Banks in compliance with the directions issued by the Reserve Bank of India or any other Central Bank in the relevant jurisdiction from time to time; and For the purpose of clauses (3) and (4) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from the Company or its subsidiary by Directors or employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and Directors.

- Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board meeting.

  - The Company shall submit to the stock exchange disclosure of related party transactions in the format specified by SEBI from time to time and publish the same on its website.

  - In case the Company has issued high value debt securities then it shall submit such disclosure along with its standalone financial results for the half year.

  - The Company shall make such disclosure every six months within fifteen days from the date of publication of its standalone and consolidated financial results.

  - From April 1, 2023, the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

  - Director's report shall contain details of Related Party Transactions as required under the Companies Act, 2013.

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- The Annual Report shall contain details of Related Party Transactions as required under the Companies Act, 2013 and Schedule V of SEBI LODR Regulations.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

9. POLICY REVIEW

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise. The policy shall be reviewed by the Board of Directors at least ***once in every three financial years*** including threshold limits specified therein and updated accordingly.

10. DISCLOSURE

1. The Company shall disclose, in the Board's Report, transactions prescribed in Section 188(1) of the Companies Act, 2013 with the Related Parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
2. The details of Material Related Party Transactions will be included in the quarterly Corporate Governance Reports, which are required to be submitted to the Stock Exchanges pursuant to SEBI Listing Regulations.
3. The Company shall submit to the Stock Exchanges disclosures of Related Party Transactions in the format as specified by SEBI from time to time, and publish the same on its website. The Company shall make such disclosures every 6 months on the date of publication of its standalone and consolidated financial results.
4. The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report of the Company.

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Director