

SWELECT ENERGY SYSTEMS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS¹

Preamble:

The Board of Directors (the “Board”) of SWELECT ENERGY SYSTEMS LIMITED (the “Company”) has adopted the following policy and procedures (“Policy”) with regard to Related Party Transactions (RPTs):

This Policy may be amended by the Company from time to time and is subject to prevalent laws, rules and regulations, if any, applicable to the Company.

This policy is also in conformity with the Company’s Code of Conduct for Business and ethics which provides that all directors and senior management personnel are required to disclose all potential or actual conflict of interest, which may be against the interest of the Company and take actions to eliminate such conflict, if so required.

1. Objective

1.1 This Policy is formulated in accordance with the requirement of the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory enactments / amendments thereof) and is intended to ensure proper approval and reporting of RPTs between the Company and / or Subsidiaries and its Related Parties or transactions undertaken for the benefit of the related parties of the Company or its Subsidiaries. In addition, the Company is also required to define the materiality of RPTs. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

1.2 The Company is required to disclose the Policy on dealing with RPTs each year in its Financial Statements as well as in its website.

The policy shall be reviewed by the board of directors at least once every three years and subject to updates based on the changes in law, rules and regulations.

2. Definitions

“**Act**” means the Companies Act, 2013 and rules made thereunder as amended from time to time.

“**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;

“**Audit Committee or Committee**” means a Committee of Board of Directors of the Company constituted under the provisions of Regulation 18 of SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors of the Company.

“Key Managerial Personnel” of **“KMP”** shall have the meaning referred to in the Companies Act, 2013.

“Ordinary Course of Business” means transactions that are necessary, normal and incidental to the business of the Company.

“Related Party” means an entity which is:

- (i) a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) a related party under the applicable Indian Accounting Standards prescribed by the Ministry of Corporate Affairs

“Deemed to be a Related Party” means an entity which is:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

“Related Party Transaction” have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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; or
- 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;

- 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; and
- g. underwriting the subscription of any securities or derivatives thereof, of the Company.

“Material Related party transaction” means a transaction with a Related Party if the transaction / transactions 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 Obligations and Disclosure Requirements) Regulations, 2015 which is reproduced hereunder:

| Consolidated Turnover of Listed Entity Threshold | Threshold |
|---|---|
| (I) Up to ₹20,000 Crore | 10% of the annual consolidated turnover of the listed entity |
| (II) More than ₹20,000 Crore to up to ₹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 ₹5,000 Crore, whichever is lower. |

Note: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.

“Industry Standards” shall mean the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” as notified by SEBI vide its circular dated June 26, 2025, as amended from time to time.

“Material modification in a related party transaction” in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 means any modification(s) in the overall transaction value having a variance of 20%, in the previously approved relevant related party transaction.

“Relative” means relative as defined under the Companies Act, 2013 and rules prescribed thereunder.

“Holding Company” shall have the meaning as specified under section 2(46) of the Companies Act, 2013.

“Subsidiary Company” shall have the same meaning as specified under section 2(87) of the

Companies Act, 2013.

“Turnover” shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.

“Wholly Owned Subsidiary” means a Company / body corporate in which another Company / body corporate holds 100% of total voting power of that Company / body corporate.

Words and expressions used in this policy shall have the same meanings respectively assigned to them in the following acts / regulations / rules / circulars / notifications.

1. The Companies Act, 2013 or the rules framed thereon
2. Regulation 23 of SEBI (LODR) Regulations, 2015 with Stock Exchanges.
3. Securities Contracts (Regulation) Act, 1956
4. Securities and Exchange Board of India Act, 1992
5. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
6. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
7. SEBI (Prohibition of Insider Trading) Regulations, 1992

3. General Guidelines

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee and the Audit Committee may forward the same to the Board for their approval in accordance with this policy.

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

A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which a related party transaction 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 per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions of Company as specified in Schedule XII of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 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 audit 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 Company as specified in Schedule XII of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note: 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.

All Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions irrespective of whether the Company is interested in that particular Material related party transaction or not.

4. Identification of RPTs

- 4.1 Each Director, Key managerial Personnel and other related party of the Company or its Subsidiary or Joint Venture Company or Associate Company shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or relative together with additional information about the RPT that the Board or Audit Committee may reasonably request.
- 4.2 The Company prefers that notice of any RPT is given well in advance so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed RPT.
- 4.3 The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy.

5. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

5.1 Approval of the Audit Committee

A. Prior approval of the Audit Committee shall be required for transactions determined based on the thresholds specified in para 3 of this Policy and as per applicable legal provisions.

The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

B. Prior approval of the Audit Committee shall not be required for:

- i. Related Party Transactions, where the listed subsidiary 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.
- ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. 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.
- iv. 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.
- v. remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnel 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 Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

C. Omnibus Approval by the Audit Committee:

The Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliances with the conditions prescribed as below:

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:
 - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus process in a year;
 - ii. The maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - iv. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee.
2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - i. repetitiveness of the transactions (in past or in future);
 - ii. justification for the need of omnibus approval.
3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
4. The omnibus approval shall contain the details of:

- (i) the name(s) of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year;
- (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any,
- (iii) minimum information about the RPTs as per the provisions of the Industry Standards and
- (iv) such other conditions as the Audit Committee may deem fit.

However, 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 ₹1 crore per transaction.

5. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company or its subsidiary pursuant to the omnibus approval given;
6. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
7. Any other conditions as the Audit Committee may deem fit.

D. Ratification of RPT the 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 the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions made to the stock exchanges, in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) any other condition as specified by the audit committee:

However, any failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it

E. Certificate from CEO / MD / WTD / Manager and CFO about the proposed RPT:

The Audit Committee, at the time of approval of proposed RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer (CEO) / Managing Director / Whole-time Director / Manager and Chief Financial Officer of the Company, confirming that the

RPT(s) proposed 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.

6. Validity of Omnibus Approval granted by the shareholders

- (a) The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.
- (b) in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

7. Criteria for approving RPTs

In determining, whether to approve a RPT, the Audit Committee shall consider the following factors, among others, to the extent relevant to the RPT;

- 7.1 Whether the terms of the RPT 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.
- 7.2 Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- 7.3 Whether the RPT would affect the independence of an independent director;
- 7.4 Whether the proposed RPT includes any potential reputational risk issues that may arise as a result of or in connection with the proposed RPT;
- 7.5 Whether subsequent ratification of the proposed RPT is allowed and would be detrimental to the Company; and
- 7.6 Whether the RPT would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, KMP or other Related party, the direct or indirect nature of the director's KMP or other related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant;
- 7.7 If the Audit Committee determines that a RPT should be brought before the Board, or if the Board in any case elects to review any such matter or is mandatory under any law for Board to approve the RPT, 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.

8. DISCLOSURE

The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format and timeline as specified by the SEBI from time to time, as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. RPTs not approved under this policy

In the event the Company becomes aware of a RPT with a related party that has not been approved under this policy by the audit committee prior to its consummation, it shall report such transaction to the Audit Committee which shall follow the procedure laid down in this policy and ratify the transactions.

10. Amendment to the policy

The Board on its own and/or as per the recommendations of the respective Committee can amend this policy, as and when it deems fit.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities not being consistent with the provisions laid down under this policy, then such amendments, clarifications, circulars etc., shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s).

¹ This policy has been amended and replaced in entirety at the meeting of Board of Directors held on 27th March 2026