

SOLEX ENERGY LIMITED

POLICY ON MATERIAL RELATED PARTY TRANSACTIONS

1. Introduction

The Board of Directors ("Board") of Solex Energy Limited has adopted this Policy on Related Party Transactions ("Policy") based on the recommendations of the Audit Committee. This Policy provides a framework for identifying, reviewing, approving, and disclosing transactions between the Company and its Related Parties in compliance with Section 188 of the Companies Act, 2013 ("Act") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"). The Policy ensures that transactions are conducted in a fair, transparent, and lawful manner.

2. Objective

The objectives of this Policy are:

- To define the governance framework for Related Party Transactions (Related Party Transactions) to ensure compliance with statutory and regulatory requirements.
- To safeguard the interests of the Company and its stakeholders by ensuring that Related Party Transactions are conducted at arm's length and in the ordinary course of business.
- To maintain high standards of transparency and corporate governance in all dealings with Related Parties.

3. Definitions

- Act:** Refers to the Companies Act, 2013, and its amendments.
- Audit Committee:** A committee constituted under Regulation 18 of the LODR and Section 177 of the Act.
- Board:** The Board of Directors of Solex Energy Limited.

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- d. **Key Managerial Personnel (KMP):** As defined under Section 2(51) of the Act.
- e. **Material Related Party Transaction:** A transaction exceeding ₹1,000 crore or 10% of the annual consolidated turnover of the Company, whichever is lower. For transactions involving brand usage or royalty, a transaction is material if it exceeds 5% of the annual consolidated turnover.
- f. **Related Party:** As defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the LODR.
- g. **Related Party Transaction (RPT):** As defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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
- sale, purchase or supply of any goods or materials;
 - selling or otherwise disposing of, or buying, property of any kind;
 - leasing of property of any kind;
 - availing or rendering of any services;
 - appointment of any agent for purchase or sale of goods, materials, services or property;
 - appointment to any office or place of profit in the company
 - underwriting the subscription of any securities or derivatives thereof, of the company
- h. **Relative:** As defined under Section 2(77) of the Act.

4. Scope and Applicability

This Policy applies to all Related Party Transactions undertaken by Solex Energy Limited. It provides guidelines for obtaining approvals from the Audit Committee, Board, and

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shareholders (where applicable) and ensures that the Company complies with all legal requirements regarding Related Party Transactions.

5. Policy Provisions

i. Review and Approval Process

Audit Committee Approval

- All Related Party Transactions must be presented to the Audit Committee for prior approval, including any material modifications to existing Related Party Transactions.
- All Related Party Transactions must be approved by the Audit Committee before execution. For repetitive transactions, omnibus approval may be granted, subject to compliance with conditions set under Regulation 23 of LODR and Section 177 of the Companies Act, 2013.
- The Audit Committee will specify the criteria for omnibus approval, including the maximum transaction amount, disclosure requirements, and transaction review intervals.
- Transactions approved under omnibus approval must be reviewed quarterly to ensure compliance with the conditions.
- The Audit Committee evaluates transactions based on:
 - a) Repetitiveness of the transactions.
 - b) Justification and necessity for the transaction.
 - c) Whether the transaction is in the ordinary course of business and at arm's length.
- Exemptions:
 - a) Compensation paid to Directors or KMPs.
 - b) Transactions with wholly-owned subsidiaries, where financial statements are consolidated.

Board Approval

- Transactions not in the ordinary course of business or not conducted at arm's length must receive Board approval.

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- Material Related Party Transactions also require Board approval before seeking shareholder consent i.e transactions exceeding ₹1,000 crore or 10% of the annual consolidated turnover, whichever is lower. Transactions involving brand usage or royalties exceeding 5% of annual consolidated turnover are also considered material.
- The Board evaluates Related Party Transactions that exceed the materiality thresholds or those referred by the Audit Committee due to their complexity or significance.
- Transactions requiring Board approval include:
 - a) Those not at arm's length or outside the ordinary course of business.
 - b) Significant financial transactions such as loans or guarantees with related parties.
- Related Party Transactions where the Audit Committee is unable to determine their nature (ordinary course/arm's length) are referred to the Board for a more detailed evaluation.
- Routine transactions that do not meet the materiality thresholds and are conducted within approved limits by the Audit Committee.

Shareholders' Approval

- Material Related Party Transactions must be approved by shareholders through an ordinary resolution, with related parties abstaining from voting.
- Related Party Transactions exceeding the materiality thresholds as defined under LODR and the Companies Act, 2013, require shareholder approval.
- Shareholders vote on the proposed RPT, with related parties abstaining from voting on the resolution.
- Transactions requiring shareholder approval include:
 - a) Non-arm's length or non-ordinary course transactions exceeding thresholds.
 - b) Material Related Party Transactions defined under the Materiality Policy.

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- Transactions between the Company and its wholly-owned subsidiaries, where financials are consolidated, and approved at the general meeting, are exempt from shareholder approval.

ii. Reporting and Disclosure Requirements

1. Disclosures by Directors and KMPs:

- Directors and KMPs are required to disclose their interests in other entities annually and report any potential Related Party Transactions involving them or their relatives to the Company Secretary promptly.
- Any changes in the interest of Directors and KMPs in other entities must be disclosed immediately.

2. Statutory Disclosures:

- The Company shall disclose Related Party Transactions in its financial statements as per the applicable accounting standards.
- The details of Related Party Transactions, including material Related Party Transactions, shall be disclosed in the annual report and submitted to the stock exchanges as required under the LODR.

iii. Transactions Exempt from Approval

The following transactions are exempt from the approval process:

- Transactions involving payment of remuneration to Directors and KMPs for the discharge of their duties.
- Transactions where the Related Party's interest arises solely from their shareholding in the Company, and all shareholders receive equal benefits.

6. Compliance and Monitoring

The Company shall establish internal controls and procedures to ensure that all Related Party Transactions are identified, reviewed, and approved in accordance with this Policy. The Audit Committee will oversee compliance with this Policy and review its effectiveness periodically.

7. Amendments

Any statutory or regulatory amendments to the Act or LODR will automatically apply to this Policy. The Board will update the Policy as required and ensure that all changes are communicated to the relevant stakeholders.

8. Dissemination and Review

1. **Dissemination:** This Policy will be disseminated to all relevant employees and published on the Company's website. A link to the Policy will also be provided in the Company's annual report to ensure accessibility and transparency.
2. **Review:** The Board will review this Policy at least once every three years or earlier if deemed necessary to ensure its continued relevance and compliance with applicable laws.

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