

STERLING AND WILSON RENEWABLE ENERGY LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

As approved by the Board of Directors on July 22, 2019 and amended by the Board of Directors on February 14, 2022 (amendments to be effective from April 01, 2022)

1. PREAMBLE

The Board of Directors (the “Board”) of Sterling and Wilson Renewable Energy Limited (formerly known as Sterling and Wilson Solar Limited) (the “Company”) has adopted this Policy upon recommendation of the Audit Committee and it includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

- i. This Policy is intended as follows:
 - a) To ensure due and timely identification, approval, disclosure and reporting of Related Party transactions in compliance with the applicable laws and regulations as may be amended from time to time.
 - b) To ensure high standards of Corporate Governance while dealing with related parties.
- ii. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

- i. “**Act**” means the Companies Act, 2013 and the Rules framed thereunder including any statutory modification or re-enactment thereof.
- ii. “**Audit Committee**” or “**Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Act.
- iii. “**Board**” means the Board of Directors of the Company as defined under the Act.
- iv. “**Key Managerial Personnel**” means Key Managerial Personnel as defined under Section 2(51) of the Act.
- v. “**Material Related Party Transaction**” means a transaction with a Related Party which individually or taken together with previous transactions during the financial year, exceeds rupees one thousand crore or 10 (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, or such limits as may be prescribed either in the Act or the Listing Regulations, whichever is stricter, from time to time. Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- vi. “**Related Party**” means a related party as defined under the Act and the Listing Regulations, as may be amended from time to time.
- vii. “**Related Party Transaction**” means a transaction between the Company and a Related Party which is of the nature specified in sub-clause (a) to (g) of section 188(1) of the Act or is a Related Party Transaction as defined under Regulation 2(1) (zc) of the Listing Regulations.
- viii. “**Relative**” means a relative as defined under Section 2(77) the Act.
- ix. “**Transactions**” with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations including amendments thereof, Indian Accounting Standards (IND AS); and or any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

4. POLICY

- i. The Audit Committee shall review and approve all Related Party Transactions and subsequent material modifications based on this Policy.
- ii. All proposed Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. In case of repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval in accordance with the Act and the Listing Regulations, details whereof are given in a separate section of this Policy.

Further, where the related party transaction cannot be identified and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs. 1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee.

The omnibus approval shall be valid for a period of one year.

- iii. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee/ Board, as may be applicable ratify such transaction(s) at its discretion.
- iv. **IDENTIFICATION OF RELATED PARTY TRANSACTIONS:**
 - a) Every Director and Key Managerial Personnel will be responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and promptly upon any change in such interest during the financial year.
 - b) In addition, all Directors, and KMPs are responsible for providing information promptly through notice to the Company of any potential RPT involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

v. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

PRIOR APPROVAL OF THE COMMITTEE

All Related Party Transactions and subsequent material modifications shall be subject to the prior approval of the Audit Committee of the Company whether at a meeting or by resolution by circulation. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions with effect from January 01, 2022.

“Material modifications” shall mean modification of more than 10 percent in the amount approved for transactions with a Related Party.

Approval of the Committee in case of Related Party Transactions where the Company is not a party to the Transaction

- a. 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 Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during the financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
- b. With effect from April 1, 2023, 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 Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during the financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- c. Prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which the listed subsidiary of the Company is a party, but the Company is not a party, if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary.
Further, for Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred to in (c) above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

A member of the Committee who (if) has a potential interest in any Related Party Transaction will abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such transaction is considered.

APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Company’s management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction which are on arm’s length basis and in the ordinary course of business may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next meeting.

APPROVAL BY THE BOARD

The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:

- a. Transactions not on arm's length.
- b. Transactions not in ordinary course of business.
- c. Material Related Party transactions as defined in this Policy.

Further, 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 Board shall consider and approve the Related Party Transaction at a meeting and 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.

OMNIBUS APPROVAL BY THE COMMITTEE

In the case of repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company. The omnibus approval shall specify the details as may be prescribed under the Act or by SEBI from time to time.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee. The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given, if any.

APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions and subsequent Material modifications as defined in the Policy shall require prior approval of the shareholders through resolution and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

Prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the listed subsidiary is a party, but the Company is not a party, if Regulation 23 and Regulation 15 (2) of the Listing Regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- (a) Any transaction involving providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (b) 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.
- (c) Any other transactions as may be prescribed by SEBI or under the Act and the Listing Regulations from time to time.

TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Act, which are not in the ordinary course of business or not at arms' length shall also require the prior approval of the shareholders through resolution and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

5. LIMITATION

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

6. AMENDMENT

Any subsequent amendment / modification in the Listing Regulations or the Act or any statutory enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

7. DISSEMINATION OF POLICY

This Policy or the important provisions of this policy shall be disseminated to all concerned departments/ persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

8. REVIEW OF THE POLICY

The Board of Directors of the Company shall review and update the Policy at least once in every three years or as and when required.
