



# **POLICY ON RELATED PARTY TRANSACTIONS**

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**Preamble:**

The Board of Directors [the “Board”] of Maxwell Engineering Solutions Limited has adopted this policy on Related Party Transaction in accordance with the Section 177, 188 and any other applicable provisions of the Companies Act, 2013 [the “Act”] read with the Companies (Meeting of Board and its Power) Rules, 2014, and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [ “SEBI Listing Regulations”], as amended from time to time.

This Policy on Related Party Transactions [‘Policy’] establishes the framework and procedures for the identification, approval, and disclosure of Related Party Transactions, ensuring compliance with the Act and the Listing Regulations. The primary objective of this Policy is to regulate transactions between the Company and its Related Parties, thereby promoting good corporate governance, transparency, and accountability.

The Audit Committee of the Board shall be responsible for the review of this Policy and may recommend amendments to the Board from time to time.

**Purpose:**

This Policy is framed to ensure proper governance and reporting of transactions between the Company and its Related Parties. It aims to provide a comprehensive framework for dealing with Related Party Transactions, including their materiality, in line with the requirements of the Act and the Listing Regulations, as amended from time to time.

**Objectives:**

The objective of this Policy is to ensure timely reporting, comprehensive disclosure and compliance with all applicable laws and regulations pertaining to Related Party Transactions.

**Definitions:**

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

“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.

“Audit Committee or Committee” means the Committee constituted or reconstituted by the Board of Directors of the Company under provisions of SEBI Listing Regulations and Companies Act, 2013, as amended from time to time.

“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—*

- (a) the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement.
- (b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

"Board of Directors" or "Board" means the Board of Directors of Maxwell Engineering Solutions Limited, as constituted from time to time.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"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
- III. The Whole-Time Director
- IV. Chief Financial Officer
- V. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- VI. Such other officer as may be prescribed.

"Material Related Party Transaction" means a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

With effect from April 01, 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Transaction(s) 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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

"Material Modification": means any modification to the existing transaction with the Related Party, if such change results into variation in the transaction exceeding 10% (ten percent) of transaction or subsequent modifications from time to time or change in the material terms of transaction.

Audit Committee of the Company may determine material modification to any approved related party transaction on a case-to-case basis.

“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 Memorandum & Articles of Association.

“Related Party” means a related party as defined under regulation 2(1)(zb) of Listing Regulations, sub-section 2(76) of the Act or under the applicable Accounting Standards, as may be amended or modified from time to time.

“Related Party Transaction” shall mean all transactions as defined under Section 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations, as may be amended from time to time.

Related Party Transaction means a transaction involving a transfer of resources, services or obligations between:

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

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.

“Relative” with reference to any person means anyone who is related to another, if-

- I. they are members of a Hindu Undivided Family
- II. they are husband and wife; or
- III. one person is related to the other in following manner:

Father (including stepfather)

Mother (including stepmother)

Son (including stepson)

Son’s wife

Daughter

Daughter’s husband

Brother (including stepbrother)

Sister (including stepsister).

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Listing Regulations, as amended from time to time.

**Approval & Reporting of Related Party Transactions:**

All Related Party Transactions where the Company is a party must be reported to and obtain prior approval from the Audit Committee of the Company in accordance with the provisions of this Policy.

**Identification of Related Party Transactions:**

Every Director, Key Managerial Personnel [KMP] and Promoter shall, at the beginning of each financial year and/or at the time of their appointment, provide written notice to the Company regarding their concern or interest in any entity that may be considered a Related Party with respect to the Company. This disclosure shall also include a list of their relatives who are deemed Related Parties as per the Act and the Listing Regulations.

They shall further provide information regarding their engagement with any other entity during the financial year which may qualify as a Related Party as per the Act and the Listing Regulations.

Any change (addition or deletion) to the previously provided disclosure of concern, interest in any entity, or list of relatives must be immediately intimated to the Company Secretary within seven (7) days of such change.

The Audit Committee shall review the information provided and determine whether a specific transaction or entity does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

**Approval:****I. Prior approval by the Audit Committee:**

- (a) All related party transactions and subsequent material modifications thereto shall require prior approval of the Audit Committee. Further, only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.
- (b) Related party transaction(s) 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, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten percent) of the annual standalone turnover, as per the last audited financial statements of the said subsidiary;
- (c) However, prior approval of the Audit Committee 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 sub-regulation (2) of Regulation 15 of these regulations are applicable to such listed subsidiary.

*Explanation: In case of related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.*

**I.I. Omnibus approval:**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company with its related parties and between its subsidiaries and other related parties, where the Company is not a party and as per the limit specified above, subject to the following conditions:

The Audit 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 transactions which are repetitive in nature;

The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the Company;

The requisite information is presented to the Audit Committee's satisfaction to confirm that the transaction is entered in the ordinary course of business and on arm's length basis;

Such omnibus approval shall specify:

- i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can 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 Audit Committee may deem fit;

Provided that where the need for Related Party Transaction 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 Audit 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 approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

**II. Approval of Board of Directors:**

All material Related Party Transactions which are subject to the approval of the shareholders of the Company shall require approval of the Board.

Further, all Related Party Transactions which are not in the ordinary course of business or not on an arm's length basis shall require the prior approval of the Board at a meeting thereof.

### III. Approval of Shareholders:

Prior approval of shareholders shall be required in case of all material related party transactions and subsequent material modifications to the transactions.

However, no prior approval of the shareholders of the Company shall be necessary in case of related party transaction to which the listed subsidiary is a party, but the Company is not a party, if Regulation 23 and sub-regulation (2) of regulation 15 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.

All individuals/ entities falling under the definition of related parties shall not vote to approve irrespective of whether the entity is a party to the transaction or not.

#### **Criteria for recommendation of Related Party Transactions:**

All Related Party Transactions and their subsequent material modifications must be reported to the Audit Committee for its prior approval in accordance with this Policy. The Committee shall review the transaction and recommend the same for approval of the Board and Shareholders, if required, in accordance with this policy. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain himself/herself from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction as prescribed under applicable regulations. In determining whether to approve a Related Party Transaction, the Committee will consider inter- alia the following factors, to the extent relevant to the Related Party Transaction:

Whether the terms of the Related Party Transaction 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.

Whether the Company was notified about the Related Party Transaction before its commencement and any other factors as the Committee deems relevant.

#### **Exclusions:**

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board or Shareholders, subject to the applicable provisions of the Act and the Rules made thereunder and as per the Listing Regulations:

- (a) Any 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.

(b) Any transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated and placed before the shareholders at the general meeting for approval.

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.

Following corporate actions 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.

Retail purchases from any Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:

Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the Listing Regulation.

#### **Related Party Transactions for which Prior Approval not Obtained:**

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 Regulation 23 (1) of the Listing Regulations;
- 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 in terms of the provisions of Regulation 23 (9) of the Listing Regulations;
- v. any other condition as specified by the audit committee.

Provided that 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 Company against any loss incurred by it.

Where any contract or arrangement is entered into by a director or any other employee with a related party, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case maybe of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Provided also that the provisions of above clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

#### **Disclosures:**

The Company shall make appropriate disclosures in Financial Statements, Board's Report and to Stock Exchanges as required under the Act, the Listing Regulations and applicable Accounting Standards, as amended from time to time. The said disclosures shall be placed on the Company's website at <https://maxwells.in/>.

The Policy on dealing with Related Party Transactions shall be disclosed on the Company's website and a web link thereto would be disclosed in the Annual Report of the Company.

#### **Amendments to the Policy:**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

However, the Board shall review the Policy at least once every three years and update accordingly.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) 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), clarification(s), circular(s) etc.

#### **Version History:**

Sr. No.	Version	Created by	Approved by	Approval Date
1.	1.0	Secretarial	Board of Directors	July 26, 2025.

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