

MATERIALITY POLICY



SOLARWORLD ENERGY SOLUTIONS LIMITED

(formerly known as Solarworld Energy Solutions Private Limited)

Introduction- Approved on 10.06.2025

This document has been formulated to define the policy for identification in respect of Solarworld Energy Solutions Limited (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) (“**SEBI ICDR Regulations**”) for identification of the following:

- (i) outstanding material litigation involving the Company, its Subsidiaries, its Directors and its Promoters, as applicable;
- (ii) material companies to be considered as Group Companies; and
- (iii) the material creditors of the Company

(together, the “**Policy**”)

This Policy shall be effective from the date of its approval by the board of directors of the Company (“**Board**”).

In this Policy, the term “**Offer Documents**” shall mean the Red Herring Prospectus and the Prospectus (along with any addenda or corrigenda thereto), as applicable, to be filed and/or submitted by Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, Delhi & Haryana situated at New Delhi and the stock exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable; and the term “**Restated Consolidated Financial Information**” shall mean the restated consolidated financial statements of the Company, as disclosed in the relevant Offer Document, together with the summary statement of significant accounting policies, and other explanatory information thereon derived from the relevant audited consolidated financial statements, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (read with the Companies (Indian Accounting Standards) Rules, 2015, as amended) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

All capitalised terms used but not specifically defined in this Policy shall have the same meaning as ascribed to them in the Offer Documents.

1. Policy for identification and disclosure of litigations and other matters:

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigation(s) in the Offer Documents:

- (i) All outstanding criminal proceedings involving itself, its Directors, its Subsidiaries, and its Promoters (together the “**Relevant Parties**” and each a “**Relevant Party**”), Key Managerial Personnel and Senior Management;

- (ii) All outstanding actions (including penalties and show cause notices) by statutory and/or regulatory authorities involving the Relevant Parties, Key Managerial Personnel and Senior Management;
- (iii) Disciplinary action including penalty imposed by SEBI or any of the stock exchanges against any of the Promoters in the five financial years preceding the date of the Offer Document, including any outstanding action;
- (iv) All outstanding claims related to direct and indirect taxes involving the Relevant Parties, in a consolidated manner giving details of number of cases and total amount involved in such cases; and
- (v) Other pending litigations based on lower of threshold criteria mentioned below
 - (a) As per the policy of materiality defined by the board of directors of the Company and as disclosed in the Offer Documents; or
 - (b) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - i. two percent of turnover, as per the latest annual restated financial statements included in the Offer Documents;
 - ii. two percent of net worth, as per the latest annual restated financial statements included in the Offer Documents, except in case the arithmetic value of the net worth is negative; or
 - iii. five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated financial statements included in the Offer Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose outstanding litigation involving any of the Group Companies, which may have a material impact on the Company, as applicable.

Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, any other pending litigation involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) *Monetary threshold:* The monetary amount of claim or amount involved in a litigation by or against the Relevant Parties in any such pending civil and arbitration proceedings exceeds (i) 2% of turnover, as per the latest annual restated financial statements of the Company; or (ii) 2% of net worth, as per the latest annual restated financial statements of the Company, except in case the arithmetic value of the net worth is negative; or (iii) 5% of the average of absolute value of profit or loss after tax, as per the last three annual restated financial statements of the Company, whichever is lower.
- (ii) *Subjective threshold:* Such pending matters which are not quantifiable or do not exceed the monetary threshold, involving the Relevant Parties, whose outcome, in the opinion of the Board, would materially and adversely affect the Company's business, prospects, performance, operations,

financial position, reputation or cash flows or where a decision in one case is likely to affect the decision in similar cases even though the amount involved in the individual cases may not exceed the monetary threshold.

The Company will also disclose any findings/observations of any of the inspections by SEBI or any other regulator involving the Company, which are material and which need to be disclosed or non-disclosure of which may have bearing on the investment decision.

- (iii) *Tax matters*: In the event any tax matters involve an amount exceeding the monetary threshold proposed in (i) above, in relation to the Relevant Parties, individual disclosures of such tax matters will be included in addition to the requirements set out in (iv) above.

With respect to outstanding litigations involving the Group Companies, only such outstanding litigations shall be disclosed in the Offer Documents, that could have a material impact on the Company in the opinion of the Board. All Group Companies will identify in their certificates pending litigation involving such companies which are considered material by the respective Group Company and which, in their view may have a material impact on the Company. Having received details of such litigation from the Group Companies, the Company (acting through its Board/ IPO Committee) will determine which of such identified litigation may have a material impact on the Company.

For the purposes of above, it is clarified that: (a) first information reports (whether cognizance has been taken or not) initiated against any of the Company, Subsidiaries, Directors, Promoters, Key Managerial Personnel or Senior Management shall also be disclosed in the Offer Documents; and (b) pre-litigation notices received by any of the Company, Subsidiaries, Directors, Promoters, Key Managerial Personnel or Senior Management from third parties (excluding those notices issued by statutory/ regulatory/governmental/ tax authorities or notices threatening criminal action) shall not be considered as litigation until such time the Company, Subsidiaries, Directors, Promoters, Key Managerial Personnel or the Senior Management are impleaded as defendants/ parties in litigation/ arbitration proceedings before any judicial/ arbitral forum.

2. Policy for identification of Group Companies

In terms of the SEBI ICDR Regulations, the term ‘Group Companies’ includes:

- i. such companies (other than promoter(s) and subsidiary(ies)) with which the Company has had related party transactions (in accordance with the applicable accounting standards) during the period for which financial information is disclosed in the Offer Document, as covered under the applicable accounting standards; and
- ii. any other companies as considered material by the Board.

Accordingly, for (i) above, all such companies (other than the Subsidiaries) with which there were related party transactions during the period covered in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies.

For the purposes of point (ii) above, the policy on identification of any other ‘material’ companies for consideration as Group Companies (other than those covered under the schedule of related party

transactions as per the Restated Consolidated Financial Information), is as set out below.

For the purpose of disclosure in the Offer Documents, all such companies (other than the Subsidiaries, and the companies categorized under (i) above) shall be considered 'material' and will be disclosed as a Group Company in the Offer Documents if such company is a member of the 'Promoter Group' of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and the Company has entered into one or more transactions with such company during the last completed Fiscal or relevant stub period, if applicable, for which Restated Consolidated Financial Information are being included, which individually or cumulatively in value exceeds 10% of the restated consolidated revenue from operations of the Company for the last completed Fiscal or stub period, if applicable as per the Restated Consolidated Financial Information.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with the SEBI ICDR Regulations.

3. Policy for identification of material creditors

In terms of the SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors:

- (i) based on the policy on materiality adopted by the Board, details of the Company's material creditors including the consolidated number of creditors and the aggregate amount involved; and
- (ii) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved.

Additionally, complete details about outstanding overdue to material creditors including the name of such creditor(s) and amount due to such material creditor (as per (i) above) shall be disclosed on the website of the Company with the relevant web link included in the Offer Documents, as applicable.

For the purposes of identification of material creditors, in terms of point (i) above, a creditor of the Company shall be considered to be 'material' for the purpose of disclosure in the Offer Documents, if the amount due to such creditor by the Company is equal to or is in excess of 5% of the consolidated trade payables of the Company as at the end of the most recent period covered in the Restated Consolidated Financial Information.

For outstanding dues to MSMEs and other creditors, the disclosure will be based on the information available with the Company regarding the status of the creditors as MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the statutory auditors in preparing their audit report.

General

It is clarified that the Policy is solely for the purpose of disclosure requirements in Offer Documents prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose including for disclosure of material information by listed entities pursuant to the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, as amended, post listing of the equity shares of the Company.

The Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any other regulatory or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints.

The Policy shall be subject to review/changes as may be deemed necessary and in accordance with applicable law from time to time.