



Quality

ENVIRO ENGINEERS LTD.

(Formerly known as Quality Enviro Engineers (P) Limited)

An ISO 9001 : 2015 Certified Company

Mfr. Importer & Supplier of: Waste Handling & Air Pollution Equipments



Regd. office : S-2, Dada Market, Sahibabad
Railway Station Road-II, Sahibabad,
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CIN NO. U29190UP2016PLC082974

POLICY ON RELATED PARTY TRANSACTION(S)

QUALITY ENVIRO ENGINEERS LIMITED

(Formerly Known as Quality Enviro Engineers Private Limited)

1. SCOPE AND PURPOSE OF THE POLICY

This Policy is formulated to provide the framework for identification, approval and disclosure of related party transactions in accordance with the Companies Act, 2013 ("Act"), the rules made thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Regulation 23(1) of the SEBI Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions, including clear threshold limits duly approved by the Board of Directors. The Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

This Policy has been adopted by the Board of Directors of the Company at their meeting held on September 26, 2026.

2. OBJECTIVE OF THE POLICY

The Objective of the Policy is to set out (a) the materiality thresholds for related party transactions; and (b) the manner of dealing with related party transactions in accordance with the Act, the rules made thereunder and the SEBI Listing Regulations.

With effect from April 01, 2025, Regulation 23 shall apply to the Company, being a listed entity which has listed its specified securities on the SME Exchange, where its paid-up equity share capital exceeds ₹10 crore or its net worth exceeds ₹25 crore as on the last day of the previous financial year. Where the provisions of Regulation 23 become applicable at a later date, the Company shall ensure compliance with the same within six months from such date. Once the provisions of Regulation 23 become applicable, they shall continue to remain applicable till such time the equity share capital and the net-worth of the Company reduce and remain below the specified threshold for a period of three consecutive financial years.

Till such time as Regulation 23 becomes applicable to the Company, related party transactions shall be approved in accordance with Section 177(4)(iv) and Section 188 of the Act read with Rules 6A and 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the provisions of this Policy relating to Regulation 23 shall be followed to the extent applicable or as a matter of good governance.

3. DEFINITIONS

"Act" means the Companies Act, 2013;



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“Regulation 23” means Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Arm’s Length Transactions” means a transaction between two related parties that is conducted as if they were unrelated;

“Company” means Quality Enviro Engineers Limited;

“Relative” with reference to a Director or KMP mean persons as defined in Section 2(77) of the Act and rules prescribed there under;

“Related Party” shall have the meaning assigned to it under Section 2(76) of the Act, Regulation 2(1)(zb) of the SEBI Listing Regulations and the applicable accounting standards, as 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 shall include a single transaction or a group of transactions in a contract, as provided under Regulation 2(1)(zc) of the SEBI Listing Regulations.

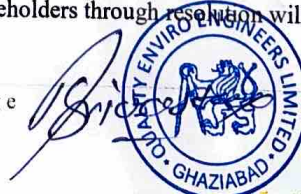
“Material Related Party Transaction” means a related party transaction which, individually or taken together with previous transactions during a financial year, exceeds ₹50 crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if such payments, individually or taken together with previous payments during a financial year, exceed five per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modification” means any modification to an existing Related Party Transaction which, individually or in aggregate with previous modifications during a financial year, results in an increase or decrease of 20% or more in the approved transaction value, or materially changes the nature, terms or conditions of the transaction, including the nature of the transaction, pricing, tenure, payment terms or counterparty.

“Key Managerial Personnel” or “KMP” shall have the meaning as defined in the Companies Act, 2013.

4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires the Company to provide materiality thresholds for transactions beyond which prior approval of the shareholders through resolution will be required. For the





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Company, being an SME listed entity to which Regulation 23 is applicable, a related party transaction shall be considered material if the transaction(s), individually or taken together with previous transactions during a financial year, exceed ₹50 crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower. A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if such payments, individually or taken together with previous payments during a financial year, exceed five per cent of the annual consolidated turnover of the Company as per the last audited financial statements.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

Identification of Related Parties

The Company shall identify its related parties in accordance with Section 2(76) of the Act, the rules made thereunder and Regulation 2(1)(zb) of the SEBI Listing Regulations.

Identification of Related Party Transactions

The Company shall identify related party transactions in accordance with Section 188 of the Act, Regulation 2(1)(zc) of the SEBI Listing Regulations and other applicable provisions of law. The Company shall also identify transactions undertaken by its subsidiaries which require approval of the Audit Committee of the Company under Regulation 23.

Where a listed subsidiary of the Company is a party to a related party transaction and the Company is not a party to such transaction, the Company shall ensure compliance with the provisions of Regulation 23 applicable to the listed subsidiary, including the applicable Audit Committee and shareholder approval requirements, to the extent prescribed by law.

Where a subsidiary of the Company is a party to a related party transaction and the Company is not a party, a related party transaction above ₹1 crore, whether entered into individually or taken together with previous transactions during a financial year, shall require prior approval of the Audit Committee of the Company if the value of such transaction exceeds the lower of: (i) ten per cent of the annual standalone turnover of the subsidiary as per its last audited financial statements; or (ii) the threshold for material related party transactions of the Company as specified in Schedule XII of the SEBI Listing Regulations. Where the subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee shall be obtained if the value of such transaction exceeds the lower of: (i) ten per cent 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 the Company as specified in Schedule XII of the SEBI Listing Regulations. 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.

6. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

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Approval of the Audit Committee

- A. All related party transactions and subsequent Material Modifications shall require prior approval of the Audit Committee, subject to the exemptions prescribed under applicable law. Only those members of the Audit Committee who are Independent Directors shall approve related party transactions. The Company shall provide the Audit Committee with the information required under applicable SEBI requirements while placing any proposal for approval of a related party transaction.
- B. Notwithstanding the foregoing, Audit Committee approval shall not be required for payment of remuneration and sitting fees by the Company or its subsidiary to a director, KMP or senior management personnel, except where such person is part of the promoter or promoter group, provided that such remuneration and sitting fees are not material in terms of Regulation 23(1) of the SEBI Listing Regulations.
- a. The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary, subject to the conditions prescribed under Regulation 23(3) of the SEBI Listing Regulations.
- b. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- d. The omnibus approval shall specify: (i) the name(s) of the related party, nature of transaction, period of transaction and maximum amount of transactions that shall 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 transactions cannot be foreseen and above details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.*
- e. 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 omnibus approval given.
- f. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- g. The Company shall comply with the applicable SEBI requirements relating to the minimum information to be provided to the Audit Committee and shareholders for approval of related party transactions.
- C. The provisions of Regulation 23 relating to approval of the Audit Committee, omnibus approval and approval of shareholders shall not apply to:

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- a. 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; and
- b. Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. APPROVAL OF BOARD OF DIRECTORS OF THE COMPANY

As per Section 188 of the Act, transactions falling within the categories specified under Section 188 which are not in the ordinary course of business or not on an arm's length basis shall be placed before the Board for approval. Compliance with Section 188 shall be in addition to the approval requirements under Regulation 23 of the SEBI Listing Regulations.

Where any director is interested in a contract or arrangement referred to in Section 188 of the Act, such director shall not be present at the meeting of the Board during discussions on the subject matter of the resolution, except to the extent permitted under applicable law.

8. APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

All Material Related Party Transactions and subsequent Material Modifications as defined in this Policy shall require prior approval of the shareholders through resolution in accordance with Regulation 23(4) of the SEBI Listing Regulations, subject to the exemptions prescribed under applicable law.

Prior approval of the shareholders shall not be required for: (a) 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 the SEBI Listing Regulations are applicable to such listed subsidiary; and (b) a related party transaction entered into pursuant to a resolution plan approved under Section 31 of the Insolvency Code, subject to disclosure to the recognised stock exchanges within one day of the resolution plan being approved. For related party transactions of unlisted subsidiaries of such listed subsidiary, the prior approval of the Audit Committee and shareholders of the listed subsidiary shall suffice, as applicable.

No related party shall vote to approve a resolution for a Material Related Party Transaction, whether or not the related party is a party to the particular transaction, in accordance with Regulation 23(4) of the SEBI Listing Regulations.

Transactions specified under Section 188 of the Act which are not in the ordinary course of business or not on an arm's length basis and which exceed the thresholds prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for approval, as required under the Act.





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The omnibus approval granted by 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 the rules, notifications or circulars issued thereunder. In case of omnibus approvals for Material Related Party Transactions granted by shareholders in general meetings other than an Annual General Meeting, the validity shall not exceed one year from the date of such approval.

9. DISCLOSURES

The Company shall disclose in the Board's Report the particulars of contracts or arrangements with related parties required under Section 188(1) of the Act and the rules made thereunder, together with the prescribed particulars and justification, as applicable.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format specified by SEBI and within the timelines prescribed under Regulation 23(9) of the SEBI Listing Regulations and applicable SEBI circulars, and publish the same on its website. Such disclosures shall be made every six months on the date of publication of the standalone and consolidated financial results.

Remuneration and sitting fees paid by the Company or its subsidiary to a director, KMP or senior management, except where such person is part of the promoter or promoter group, shall not require disclosure under Regulation 23(9) where the same is not material in terms of Regulation 23(1).

10. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If a related party transaction has been entered into without prior approval, the members of the Audit Committee who are Independent Directors may ratify the transaction within three months from the date of the transaction or at the immediate next meeting of the Audit Committee, whichever is earlier, subject to the conditions prescribed under Regulation 23(2)(f) of the SEBI Listing Regulations.

The conditions for ratification include that 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 ₹1 crore; the transaction shall not be material; the rationale for inability to seek prior approval shall be placed before the Audit Committee; the details of ratification shall be disclosed with the related party transaction disclosures; and such other conditions as may be specified by the Audit Committee. Failure to seek ratification shall render the transaction voidable at the option of the Audit Committee and, where applicable, the director(s) concerned shall indemnify the Company against any loss incurred by it.

11. REVIEW OF THE POLICY

The Board of Directors shall review this Policy at least once every three years and update it accordingly.

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Date: September 26, 2026

Place: Ghaziabad

