



Policy on Related Party Transactions

1. Scope and Purpose of the Policy:

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”) as amended from time to time, Techno Electric & Engineering Company Limited (Company) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. About the Company:

Techno Electric & Engineering Company Limited (TEECL) is a public limited company engaged in the business of Engineering, Procurement and Construction (EPC), asset ownership and operations and maintenance services in the three industry segments of generation, transmission & distribution.

3. Objective of the Policy:

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act read with Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

4. Definitions:

4.1 “Act” means the Companies Act, 2013 as amended from time to time;

4.2 “Audit Committee” shall mean the audit committee constituted by the Board of the Company from time to time, in accordance with the provisions of the Act and SEBI Listing Regulations.

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4.3 “Board of Directors” or “Board” means the collective body of the Directors of the Company, as constituted from time to time, in line with the provisions of the Act and SEBI Listing Regulations.

4.4 “SEBI Listing Regulations” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time;

4.5 “Regulation 23” means the Regulation 23 of the SEBI Listing Regulations.

4.6 “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;

4.7 “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 its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

4.8 “Company” means Techno Electric & Engineering Company Limited (TEECL);

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

4.10 “Related Party” shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

4.11 “Related Party Transaction” have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, shall mean a transaction involving a transfer of resources, services or obligations between:

- a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
- b. 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 with effect from April 1, 2023. 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, including but not limited to the following –
 - a. Sale, purchase or supply of any goods or materials;
 - b. Selling or otherwise disposing of, or buying, property of any kind;
 - c. Leasing of property of any kind;
 - d. Availing or rendering of any services;
 - e. Appointment if any agent for purchase or sale of goods, materials, services or property;
 - f. appointment of any office or place of profit in the company;
 - g. underwriting the subscription of any securities or derivatives thereof, of the company.

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Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- a) the 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
- b) payment of dividend by the Company
- c) subdivision or consolidation of securities by the Company
- d) issuance of securities by way of a rights issue or a bonus issue and
- e) buy-back of securities.

4.12 “Material Related Party Transaction” means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company

4.13 “Material Modification” means any subsequent change to an existing Related Party Transaction, having variance of 20% of the existing limit or 10 crores, whichever is lower.

4.14 “Key Managerial Personnel” or “KMP” shall have the meaning as defined under Section 2(51) of the Companies Act, 2013 and as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

5. Materiality Thresholds:

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In an event, a Related Party Transaction, breaches the materiality threshold, prior approval of the shareholders of the Company will be required through resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to the Related Party Transactions. None of the related parties of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only negative vote to reject the shareholders resolution on material RPT).

Techno Electric & Engineering Company Limited has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A) and 23(4) of the SEBI Listing Regulations:

- Payment to related party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.

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- Other transactions with a related party – lower of Rs. 1000 crores or 10% of the consolidated turnover of the company as per its last audited financial statements.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

6. Manner of Dealing with Related Party Transaction:

6.1 Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

6.2 Identification of Related Party Transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

6.3 Procedure for Approval of Related Party Transactions

6.3.1 Approval of the Audit Committee

A. Prior approval of the Audit Committee shall be required for:

1. All Related Party Transactions and subsequent material modifications as defined in Clause 4.13 of "Clause 4. Definitions";
2. RPTs where subsidiary is a party, but the Company is not a party, and the transaction amount exceeds subject to threshold of:
 - i. 10% of the consolidated turnover of the Company w.e.f April 1, 2022.
 - ii. 10% of the standalone turnover of the subsidiary w.e.f April 1, 2023.
3. Techno Electric Engineering Company Limited has incorporated various Special Purpose Vehicles (SPVs) in order to win the bid from the government. These SPVs can perform only those functions for which they are established. Transactions with SPVs are also subject to approval from Audit Committee.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

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Prior approval of the Audit Committee shall not be required for:

- i. Related Party Transactions, where the listed subsidiary is a party but the company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed entities.
- ii. Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. Transactions entered by the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

However, the Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliances with the conditions prescribed in paras 1 to 8 below.

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:

- i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus approval route.
- ii. The maximum value per transaction which can be allowed;
- iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- iv. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
- v. transactions which cannot be subject to the omnibus approval by the Audit Committee.

2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:

- i. repetitiveness of the transactions (in past or in future);
- ii. justification for the need of omnibus approval.

3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

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4. The omnibus approval shall provide details of (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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 aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

5. The Audit Committee shall review, on a quarterly basis, the details of the related party transactions entered into by the Company, pursuant to each of the omnibus approvals given. Omnibus shall be valid for a period not exceeding one financial year

6. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

7. Omnibus approval shall not be made for transactions in respect of selling or disposing of any of the undertakings of the Company.

8. Any other conditions as the Audit Committee may deem fit.

B. Pursuant to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 50% of the annual consolidated turnover of the Company as per its last audited financial statements, subject to the transaction(s) exceeding the materiality threshold which require shareholder approval will not be considered for this limit.

b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 5 of the Policy.

c. While assessing a proposal put up before the Audit Committee / Board for approval, the \Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- i. Nature and type of transaction i.e, details of goods or property to be acquired/transferred or services to be rendered /availed (including transfer of resources) – including descriptions of functions performed, risks to be assumed and assets to be employed under the proposed transaction;
- ii. Material Key Terms (Such as price and other commercial terms contemplated under the engagement) of the proposed transaction, including value and quantum;

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- iii. Name of the related party and its relation with the Company and its Subsidiary, including nature of its concern or interest (financial or otherwise);
- iv. Tenure of the proposed transaction;
- v. Value of the proposed transaction;
- vi. The percentage of the Company's consolidated annual turnover, for the immediately preceding financial year, that is represented by the value of proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of subsidiary's annual turnover on a standalone basis to be additionally provided);
- vii. If the transaction related to loan, inter-corporate deposits, advances or advancements or investments,
 - 1 Details of the source of funds in connection with the proposed transaction;
 - 2 Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - a Nature of indebtedness;
 - b Cost of funds; and
 - c Tenure;
 - 3 Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - 4 The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT
- viii. Key covenants (non-commercial) as per the draft of the proposed agreement / contract to be entered into for such transaction;
- ix. Special terms covered / to be covered in sperate letters or undertakings or any other special or sub arrangement forming a part of a composite transaction;
- x. Benchmarking information that may have a bearing on arm's length basis analysis;
 - 1 Market analysis, industry reports, research reports, business strategies, financial forecasts, etc;

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- 2 Third party comparable, valuation reports, price publications including stock exchange and commodity markets quotations;
- 3 Management assessment of pricing terms and business justification of proposed transactions as to why RPT is in the interest of the Company;
- 4 Comparative analysis, if any, of other transactions entered into by the Company

d. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party transactions entered by the Company pursuant to each omnibus approval given.

e. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business;
2. Transactions which are not repetitive in nature;
3. Transactions exceeding materiality thresholds as laid down in Clause 5 of the Policy
4. Transactions in respect of selling or disposing of the undertaking of the company
5. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
6. Any other transaction the Audit Committee may deem not fit for omnibus approval.

C. Audit Committee has defined “**material modifications**” as following:

Material Modifications of Related Party Transaction” in relation to the Company means and include any modification to an existing related party transaction having variance of 20% or 10 crores, whichever is lower of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

6.3.2 Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

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In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- c. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d. Transactions meeting the materiality thresholds laid down in Clause 5 of the Policy, which are intended to be placed before the shareholders for approval.

6.3.3 Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 5 of the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution of material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.

- iii. Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- iv. 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.
- v. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. Disclosure Standards:

- i. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- ii. The Company shall place all the information as specified by the SEBI from time to time for review of the Audit Committee for approval of the RPTs.
- iii. The Company shall provide the following information, as specified by SEBI, w.e.f. 01 July 2025, to ensure greater transparency and accountability in Related Party Transactions as mentioned below:
 - a. **Mandatory Disclosure:** Related Party Name, country of incorporation, nature of Related Party's business, relationship specifics, and shareholding percentages.
 - b. **Financial Performance:** Companies must report standalone financial performance (Turnover, Net-Worth, PBT) for the last three fiscal years and provide details of previous RPTs, including their audit committee approval status and any defaults.
 - c. **Transaction Proposals:** For new transactions, disclosures must encompass the total amount, materiality, type, details, tenure, and justification for the transaction, particularly highlighting the interest of directors/Key managerial personnel.
 - d. **Additional Insights:** In certain transactions like asset sales, leases, disposals, and royalty payments, companies must provide additional information for audit committee review, financial track records, expected impact, or peer comparisons.
 - e. **Shareholder Approval:** An explanatory statement with minimum information about RPT's terms and conditions is required for shareholder approval, along with supplemental details as mandated by the Companies Act, 2013, and the new standards.

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- f. **Certifications and Reports:** Disclosures must include reviewed certificates by the CEO, CFO, KMP, and promoter directors, as well as valuation reports or external party reports considered by the Audit Committee.
- iv. The Company shall provide disclosure of the Related Party Transactions in the format as specified by the SEBI from time to time, to the stock exchanges and upload on company's website, every six months.
- v. The Company shall provide disclosure on 'Loans and advances' in the nature of loans to firms/companies in which directors are interested by name and amount' in the Corporate Governance Report.

8. Related Party Transactions not approved under this Policy:

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. Review of the Policy:

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and at least once in three years and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

10. Compliance Responsibility:

Compliance of this Policy shall be the responsibility of the Vice President Financial Operations & Corporate Reporting and the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

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11. Modifications and Failure to Procure Approvals:

If any modification or amendment to an approved Related Party Transaction is proposed, such modification or amendment shall require the prior approval of the relevant authority (Audit Committee, the Board, shareholder, as the case may be), and the process set forth hereinabove shall once again apply to such approval. The modification/amendment shall not be affected unless first approved by the Audit Committee. In addition to considering the factors set forth in above paragraphs, the approving authority shall consider

- i. the impact of the modification/variation on the arm's length pricing; and
- ii. whether the modification would trigger any Board or shareholder approval (which may not have been applicable to the existing transaction but for such modification).

Subject to and without prejudice to the obligation to procure prior approvals under this Policy, if a Related Party Transaction has taken place without obtaining the prior approval under this Policy, the matter shall be forthwith reviewed by the Audit Committee, and its findings and recommendations shall be placed before the Board. The Board shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and the Board shall (or if the concerned Related Party Transaction required the approval of the shareholders, the shareholders shall, based on the recommendation of the Board) determine the proposed way forward including any ratification, revision or termination of the said Related Party Transaction and/or initiating any compounding / adjudication proceedings with the concerned regulator, initiating disciplinary action against the concerned director/employee/key managerial personnel, provided however that all such actions shall be subject to and in due compliance with applicable law, and subject to the provisions of Section 177 (4) of the Act, and without prejudice to the powers of the Board in terms of the provisions of Section 188(3) and 188(4) of the Act.



Pradeep Kumar Lohia
(Chief Financial Officer)

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