

GP ECO SOLUTIONS INDIA LIMITED POLICY ON RELATED PARTY TRANSACTIONS

1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions (“RPTs”) can potentially lead to conflicts of interest or perceptions of impropriety that may not be in the best interests of the Company and its shareholders.

Considering the requirements for approval and disclosure of RPTs under the **Companies Act, 2013 (“the Act”)**, read with the rules framed thereunder, and **Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)**, GP Eco Solutions India Limited (“the Company”) has framed this Policy to regulate transactions between the Company and its Related Parties based on transparency, fairness, and accountability.

This Policy sets forth the materiality thresholds for RPTs, defines material modification, and lays down the approval mechanism and disclosure requirements in accordance with applicable laws.

This Policy has been approved by the **Board of Directors** of the Company upon the recommendation of the **Audit Committee** and shall be **effective from the date of the Board Resolution**, and applicable to all existing and future transactions.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to ensure:

- Proper identification, review, approval, and disclosure of related party transactions;
- Compliance with applicable provisions of the **Companies Act, 2013** and **SEBI Listing Regulations**; and
- Transparency in all dealings with related parties to protect the interest of shareholders and stakeholders.

3. DEFINITIONS

Unless otherwise defined herein, terms shall have the same meaning as under the **Act, Listing Regulations**, or any other applicable law.

3.1 “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.

3.2 “Ordinary Course of Business” includes transactions which:

- are carried out in the normal course of business as per the objects of the Company;
- are consistent with past practice or industry norms;
- are covered in the regular business operations of the Company; or
- have characteristics of commercial prudence.

3.3 “Material Related Party Transaction” shall mean a transaction with a related party which, individually or when aggregated with previous transactions during a financial year, exceeds the thresholds prescribed in **Regulation 23(1)** of the SEBI Listing Regulations, i.e.:

- **₹50 crore or 10%** of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower; or

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- in case of payment towards brand usage or royalty, if it exceeds **5%** of annual consolidated turnover.

3.4 “Material Modification” means any change in the value or scope of a related party transaction approved by the Audit Committee and/or shareholders, by **20% or more** of the approved value, or which alters the nature of the transaction from arm’s length or ordinary course of business.

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

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

Provided that effective April 1, 2022:

(a) any person or entity forming part of the promoter or promoter group of the Company; or

(b) any person or any entity, holding equity shares:

(i) of 20% or more; or

(ii) of 10% or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

3.6 “Related Party Transaction” means a transfer of resources, services or obligations between the Company and a related party, 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.

Effective April 1, 2022, related party transaction means a transaction involving a transfer of resources, services or obligations between:

(i) 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) 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:

Provided that the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding shall not be related party transactions.

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.

4. MATERIALITY THRESHOLDS

In accordance with Regulation 23(1) of the SEBI Listing Regulations, the Company shall treat a related party transaction as **material** if the transaction(s) to be entered into individually or taken together during a financial year exceed:

- **₹50 crore or 10%** of the annual consolidated turnover, whichever is lower; or

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- **5%** of annual consolidated turnover for transactions relating to brand usage or royalty. Any **material modification** to an already approved material RPT shall also require **shareholders' approval** by an ordinary resolution.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

5.1 Identification of Related Parties

The Company shall maintain an updated list of related parties as per Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, and circulate the same periodically to all concerned departments.

5.2 Identification of Related Party Transactions

All potential RPTs shall be identified in consultation with the finance and secretarial teams and evaluated to determine whether they are in the ordinary course of business and on an arm's length basis.

5.3 Approval of Related Party Transactions

(a) Approval of the Audit Committee

- All related party transactions and subsequent material modifications shall require **prior approval** of the Audit Committee.
- Only independent directors of the Audit Committee shall approve RPTs.
- The Audit Committee may grant **omnibus approval** for RPTs proposed to be entered into, subject to conditions specified in Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(3) of the Listing Regulations subject to the following conditions:
 - i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - iii. Such omnibus approval shall specify (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (b) the indicative base price/current contracted price and the formula for variation in the price, if any and (c) 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, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR one crore per transaction;
 - iv. The Audit 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; and
 - v. Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

(b) Approval of the Board of Directors

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All RPTs not in the ordinary course of business or not on arm's length basis shall be placed before the **Board of Directors** for approval under Section 188 of the Act.

The following transactions with related parties shall also be placed before the Board for its approval:

- 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 on arm's length and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and on arm's length, but which in the view of the Audit Committee requires approval of the Board; and
- Related party transactions which are to be mandatorily approved by the Board under any law.

(c) Approval of the Shareholders

All transactions enumerated in the first proviso to Section 188(1) of the Companies Act, 2013, which (a) are not in the ordinary course of business and on arm's length; and (b) exceeding the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, shall be approved by the Shareholders.

All material related party transactions including the following shall need prior approval of the Shareholders of the Company through a Resolution on which, no related party shall vote, whether the entity is a related party to the particular transaction or not: -

- a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to 10% or more of the turnover of the company;
- b) Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent - amounting to 10% or more of the net worth of the company;
- c) Leasing of property of any kind - amounting to 10% or more of the turnover of the company;
- d) Availing or rendering of any services, directly or through appointment of agent - amounting to 10% or more of the turnover of the company;
- e) Related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company – Monthly remuneration above INR 250,000;
- f) Underwriting the subscription of any securities or derivatives, thereof, of the Company - above 1% of net worth of the Company.

6. EXEMPTIONS

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

- Transactions between the Company and its **wholly owned subsidiary(ies)** whose accounts are consolidated with the Company and placed before shareholders; or
- Transactions between two wholly owned subsidiaries of the Company.

7. DISCLOSURES

The Company recognizes the importance of transparency and timely disclosure of all Related Party Transactions ("RPTs") to ensure that shareholders, investors, regulators, and other stakeholders are fully informed about the nature and extent of such transactions. In compliance with the provisions of the **Companies Act, 2013** and **Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, the following disclosure requirements shall be adhered to:

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7.1 Disclosures in the Board's Report

- Pursuant to **Section 134(3)(h)** read with **Section 188(1)** of the Companies Act, 2013 and **Rule 8(2)** of the Companies (Accounts) Rules, 2014, the Company shall disclose in the **Board's Report** every contract or arrangement entered into with a related party under Section 188(1) of the Act:
 - which is **not in the ordinary course of business**, or
 - which is **not on an arm's length basis**, along with the **justification** for entering into such transactions.
- The particulars to be disclosed shall include:
 - Name(s) of the related party;
 - Nature of relationship;
 - Nature, duration, and material terms of the contract or arrangement;
 - Value of the transaction; and
 - any other information relevant for understanding the transaction's impact on the Company.

7.2 Disclosures to the Stock Exchanges

- In accordance with **Regulation 23(9)** of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall submit **disclosures of related party transactions on a consolidated basis**, in the format specified by SEBI from time to time.
- Such disclosure shall be made to the **stock exchange(s)** where the Company's securities are listed, **on the date of publication of the Company's standalone and consolidated financial results** for the half year.
- The disclosure shall include all transactions with related parties, including those entered through subsidiaries, and indicate whether they are material or not.
- The Company Secretary shall ensure the timely filing of these disclosures with the NSE (SME Platform) and maintain appropriate records of submission and acknowledgment.

7.3 Disclosures on the Company's Website

- In compliance with **Regulation 46(2)(g)** of the SEBI Listing Regulations, this Policy on Related Party Transactions shall be hosted on the Company's official website: www.gpecosolutions.com
- The web link to this Policy shall be provided in the **Annual Report** and the **Corporate Governance section** of the website to ensure easy accessibility for shareholders and stakeholders.
- The website shall also include the most recent disclosures of related party transactions filed with the stock exchanges in accordance with Regulation 23(9).

7.4 Internal and Statutory Disclosures

- The details of all related party transactions shall be presented to the **Audit Committee** on a **quarterly basis** for review, along with any material modifications thereto.
- Significant RPTs shall also be presented to the **Board of Directors** for information and noting.

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- The **Chief Financial Officer (CFO)** and **Company Secretary** shall jointly ensure that adequate systems are in place for the identification, documentation, and monitoring of all related party transactions to enable timely and accurate disclosures.
- Every Director and Key Managerial Personnel (KMP) shall disclose the parties in which they are deemed to be interested.
- Every Director and KMP shall promptly notify the Secretarial Department of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest

7.5 Disclosure in Financial Statements

- As per the requirements of **Indian Accounting Standard (Ind AS) 24 – Related Party Disclosures**, all related party relationships, transactions, and outstanding balances (including commitments) shall be disclosed in the **notes to the financial statements**.
- The disclosures shall include:
 - Names of related parties and nature of the relationship;
 - Description of the transactions;
 - Amounts of transactions during the period;
 - Outstanding balances as at the reporting date; and
 - Provisions for doubtful debts or amounts written off, if any.

7.6 Transparency and Record Maintenance

- All records pertaining to related party transactions, approvals, and disclosures shall be maintained in a systematic manner for a minimum period of **eight financial years** or as may be prescribed under applicable law.
- Such records shall be made available for **internal audit, statutory audit, and regulatory inspection** as and when required.

8. UNAPPROVED RELATED PARTY TRANSACTIONS

Where any RPT is entered into without prior approval, the matter shall be placed before the Audit Committee for ratification within **3 months** of the transaction. The Committee may ratify, revise, or terminate the transaction as it deems appropriate and may recommend disciplinary or corrective actions if required.

9. POLICY REVIEW AND AMENDMENT

This Policy shall be reviewed by the **Audit Committee** at least once every **three years**, or earlier if required by changes in law, business conditions, or SEBI/ MCA notifications, and any amendments shall be approved by the **Board of Directors**.

10. ROLES AND RESPONSIBILITIES SECTION

- **Board of Directors:** To review and approve the Policy and ensure that management establishes adequate systems for its implementation.
- **Audit Committee:** To review all RPTs, determine arm's length and ordinary course basis, grant omnibus approvals, and monitor transactions quarterly.
- **Chief Financial Officer (CFO):** To certify financial parameters, maintain transaction data, and support disclosure compliance.

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- ☐ **Company Secretary (CS):** To ensure that approvals, minutes, and disclosures are properly recorded and filed with NSE and MCA.
- ☐ **Business/Department Heads:** To identify proposed transactions with related parties and obtain prior approval before execution.

11. COMPLIANCE MONITORING & CERTIFICATION

The Company Secretary shall place before the Audit Committee a half-yearly certificate confirming compliance with this Policy and the applicable provisions of the Act and SEBI Listing Regulations. Any deviations shall be reported along with corrective actions

12. CONSEQUENCE OF NON- COMPLIANCE

Any transaction entered into without the requisite approvals shall be treated as a violation of this Policy and may attract disciplinary action as deemed appropriate by the Board. The Company may also recover any undue gain made by the related party or any other person through such non-compliant transaction.

Approved by the Board of Directors of GP Eco Solutions India Limited

Effective Date: Date of Board Approval

(Applicable retrospectively for all related party information existing prior to this date)

Signature: _____

Mr. Pradeep Kumar Pandey

Chairman

Date of Signing: / /

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