



GANESHA ECOSPHERE LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

(Adopted on 31st January, 2015)

Modified on 1st August, 2019

Modified on 5th February, 2022

Modified on 1st February, 2025

Modified on 7th February, 2026

CIN: L51109UP1987PLC009090

Admn. Office: 113/216-B, FIRST FLOOR, SWAROOP NAGAR, KANPUR- 208002.

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)-209304

E-mail : secretarial@ganeshaecosphere.com, Website : www.ganeshaecosphere.com

Tel. No. 0512-2555504-06, Fax No. 0512-2555293



1. PREAMBLE

The Companies Act, 2013 (“**Act**”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (“**Rules**”) introduced specific provisions relating to related party transactions and defined the term related parties, (material) related party transactions, relatives and key management personnel. The Act and the Rules made thereunder have also laid down the financial limits and the approval process for such transactions.

Also, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) requires a 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 of the Company.

Accordingly, the Board of Directors (“**Board**”) of Ganesha Ecosphere Limited (“**Company**”) has adopted a policy and a standard operating procedure to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Act, the Rules and the Listing Regulations.

2. OBJECTIVE

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

3. DEFINITIONS

“**Arm’s length transaction**” means a transaction between two related parties that is conducted in such a manner as if they were unrelated, so that there is no conflict of interest.

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company.

“**Related Party**” shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations.

“**Related Party Transaction**” (RPT) means –

- For the purpose of the Act, the transactions specified in clause (a) to (g) of sub-section 1 of Section 188 of the Act;
- For the purpose of Listing Regulations, it means a transaction involving transfer of resources, services or obligations between 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
- 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.



However, following shall not be related party transaction(s):

(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) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. sub-division or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

(c) retail purchases from the Company or its subsidiary by the directors or key managerial personnel of the Company or its subsidiary and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

“Relative” means relative as defined under of section 2(77) of the Companies Act, 2013 and rules prescribed there under.

“Subsidiary” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.

“Material modification” to a related party transaction shall mean any modification to a related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee.”

“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 (including alterations, if any).

All the words and expressions used but not defined in the Policy shall have the same meaning as assigned to them under the Listing Regulations, Companies Act, 2013 and the Rules made thereunder (including any amendments thereof).

4. MATERIALITY THRESHOLDS

A transaction with related party, to be entered into individually or taken together with previous transactions during a financial year, shall be considered material if:

- the transaction involving payment to related party with respect to brand usage or royalty, exceeds 5% (five percent) of the annual consolidated turnover of the Company as per its last audited financial statements;



- in any other case, the transaction exceeds the thresholds specified in Schedule XII of Listing Regulations.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

5.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him /or her or his /or her Relative, including any additional information about the transaction that the Audit Committee /Board may reasonably require. Audit Committee/Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction. Any member of the Audit Committee/ Board who is directly or indirectly interested in any Related Party Transaction shall not be present in the meeting during discussions and shall not be entitled to vote for such item under consideration by Audit Committee/ Board.

5.2 Procedure for approval of Related Party Transactions

a) Approval of the Audit Committee

All related party transactions and subsequent material modifications require prior approval of the Audit Committee and only those members of the Audit Committee who are Independent Directors shall approve related party transactions.

The 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 Listing regulations.

A related party transaction above Rs. One Crore in which Company's subsidiary is a party but Company is not a party, shall require prior approval of the Audit Committee of the Company only if the value of such transaction exceeds lower of the following:

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions as specified in Schedule XII of Listing regulations.

Omnibus approval:

The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiaries, 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 regarding the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide –
 - 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.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval for such transactions provided the value of such transactions does not exceed Rupees One crore per transaction;

- 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 approval given;
- Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

1. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company.
2. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
3. Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
4. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
5. Any other factor the Committee deems relevant for reviewing and approving such Related Party Transaction.

If necessary, the Committee may seek external professional advice in determining whether a transaction is in the ordinary course of business or at arm's length basis.

Ratification by Audit Committee:

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 sub-regulation (1) of this regulation;
- (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 sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

The 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.

b) 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 and/or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a resolution passed at a Meeting of the Board. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

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

- Transactions which may be in the ordinary course of business and at arm's length basis, but which as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters), shall require Board's approval in addition to Audit Committee's approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions exceeding the materiality thresholds laid down in Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

c) Approval of the Shareholders of the Company

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

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

The omnibus approval granted by the 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 rules, notifications, or circulars issued thereunder from time to time:

And in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

d) Transactions not requiring prior or omnibus approval of Audit Committee and prior approval of shareholders

- Transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval.
- 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 of the Company for approval.
- Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

6. 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 of 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 for the loss suffered by the related



party etc. The Audit Committee shall appraise the Board from time to time, of any instance where any transaction/ contract is entered into with related party in contravention of this policy and recommend it to the Board for its consideration.

7. POLICY NOT TO APPLY IN CERTAIN CASES

The transactions or arrangements which are specifically dealt under the separate provisions of the laws and executed under separate approvals / procedures shall not be covered under this Policy. Example of such transactions are as follows:

- a. Appointment and payment of remuneration (including any variation), to key Managerial Personnel *except as provided in point no.5.2 a*);
- b. Payment of remuneration, fees, Commission etc. to any director in compliance with legal provisions *except as provided in point no.5.2 a*);
- c. Shares based incentive plans for the benefits of Directors or KMPs approved by the Shareholders including ESOPs;
- d. CSR Contribution.

8. DISCLOSURES

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 and on arm's length basis along with the justification for entering into such transactions.

As per the Listing Regulations, the Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by SEBI from time to time, and publish the same on its website. Such disclosures shall be submitted in every six months on the date of publication of its standalone and consolidated financial results.

The 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 required to be disclosed provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of Listing Regulations.]

The Company shall disclose the policy on dealing with Related Party Transaction on its website and a web-link shall be provided in the Annual Report;

9. AMENDMENT

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary. The policy shall be reviewed by the Board of Directors at least once in every three years and updated accordingly. Any change / amendments in applicable statutes shall be deemed to be covered in this policy without any review.
