

Related Party Transaction Policy
of
Eco Recycling Limited

Last Update: February 6, 2025

1. Preamble

The Board of Directors (the Board) of Eco Recycling Limited (the Company) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. Purpose

This policy is framed as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

“Act” means the Companies Act, 2013 (the Act) including the Rules made thereunder and any statutory amendments or re-enactments thereof, from time to time.

“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.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of the Listing Regulations and the Act.

“Board” means the Board of Directors of the Company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means key managerial personnel as defined under the Act and includes:

- i. Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Company Secretary; and
- iii. Chief Financial Officer

“Material Related Party Transaction” means a Related Party Transaction which is material in terms of the provisions of the Act and/or the Listing Regulations, as amended from time to time, which states that “a transaction with a related party shall be considered material if the Transaction to be entered into individually or taken together with previous Transactions during a financial year, exceeds Rs. 1000 crore or ten percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the Transaction to be entered into individually or

taken together with previous Transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Policy” means Related Party Transaction Policy.

“**Related Party**” means related party as defined in the Listing Regulations which is as follows:

“An entity shall be considered as related to the Company if:

- i. Such entity is a related party under section 2(76) of the Act; or
- ii. Such entity is a related party under the applicable accounting standards.”

“**Related Party Transaction**” or “**RPTs**” shall mean such Transactions as specified under Section 188 of the Act or rules made thereunder and under Regulation 2(1)(zc) of the Listing Regulations, as amended from time to time.

“**Relative**” means a relative as defined under the Act and under Regulation 2(1)(zd) of Listing Regulations, as amended from time to time.

“**Subsidiary**” or “**Subsidiaries**” means subsidiary(ies) of the Company as defined under Section 2(87) of the Act, as amended from time to time.

4. RPTS – Framework for Identification and Internal Recording

Record of Related Parties – Responsibility

Related party identification including the relatives of Directors and Key Managerial Personnel (KMPs) will be the responsibility of the Company Secretary. The list of related parties will be maintained by the Secretarial Department based on inputs / data received from the Directors and KMPs, SPAs/JV agreements entered into by the Company, capital structure, investment made by the Company etc. While preparing the list of related parties, following will be relevant:

- i) Exclusion of person from the list of relatives as a consequence of change in definition of “relative”;
- ii) List of companies to be considered as subsidiaries, associates and joint ventures based on the change in the definitions including that of subsidiary company and associate company;
- iii) Ongoing changes

It will be the responsibility of the Directors and KMPs to keep the Company updated immediately if there is a change in any of the declarations provided at the beginning of the year.

Every Director, KMP, Officer of the Subsidiary of the Company will be responsible for providing list of its Related Parties to the Company on an annual basis and whenever there is a change therein;

Every Director, KMP, Officers of the Company and of the Subsidiary authorized to enter into contracts/arrangements will be responsible for providing prior Notice to the Chief Financial Officer of the Company with a copy to the Company Secretary of the Company of any potential Related Party Transaction. They will also be responsible for providing additional information about the Transaction that the Board / Committee may request, for being placed before the Board/Committee of the Company.

Besides the above, the Company will also identify other Related Parties as required under the Act and the Listing Regulations, as amended from time to time.

Any Related Party Transaction by:

- a. the Company or any of its Subsidiaries on one hand and a Related Party of the Company and/or of its Subsidiaries on the other hand; or
- 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 will be regulated as per this Policy.

5. Material Modifications to Related Party Transactions

Material modifications to Related Party Transactions shall mean any modification made in the value/exposure of any ongoing or proposed Related Party Transactions, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

6. Transactions with Related Parties – Internal Control and Approval Framework

Control Framework:

As per the requirements of the Listing Regulations, the RPTs are required to be pre-approved by the Audit Committee. Hence, before entering into a RPT, the Finance Controller of the Company will collate all the relevant information about the contract/ arrangement/ transaction viz., name of the related party and nature of relationship, nature of transaction etc. (Appendix 1 contains the format to capture information). Along with the above information, the Chief Financial Officer and the Company Secretary will prepare a management note with justification for entering into the contract/arrangement/transaction which will also include whether the transaction is in the ordinary course of business and at arm's length.

All the Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee.

Material Related Party Transaction:

Listing Regulations requires approval of all material RPT's and subsequent material modifications as defined by Audit Committee shall require prior approval of the shareholders through a resolution, with related parties abstaining from voting. A transaction is considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

All Related Party Transactions pursuant to Section 188 of the Act which are not in the ordinary course of business and/or not an Arms' length basis and which cross the threshold limits prescribed under Act, from time to time, shall also require the requisite approval of Shareholders of the Company (unless it is exempted pursuant to the provisions of the Act) and no Member of the Company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the Company, if such Member is a Related Party in the context of the contract or arrangement for which such resolution is being passed.

Notwithstanding the above a transaction involving payments made to RPTs with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with previous transactions during a financial year exceeds five percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company.

These provisions shall not apply to a Transactions between a Holding Company and wholly-owned Subsidiary of the Company or 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. Voting on the Resolution for Approval of RPT

- a. No director will participate in any audit committee meeting / Board meeting discussion for approval of RPT in which he / she is interested.
- b. Only those members of the audit committee, who are independent directors, shall approve related party transactions
- c. No interested / concerned related party with whom transaction is to be entered will vote on the resolution for approval of RPT in the general meeting and all related parties (irrespective of whether the entity is a party to the particular transaction or not) will not vote in a resolution for approval of Material RPT.

8. Audit Committee Approval Mechanism

The following will require approval of the Audit Committee:

1. All RPTs will be submitted to the Audit Committee for prior approval irrespective whether such transactions are in the ordinary course of business or at arm's length or not.
2. **Prior approval:** Where the Company enters into a contract / transaction with a related party, which stipulates details of every transaction like nature of the transaction, period of transaction, contract price or methodology of price determination, maximum amount of transaction, credit terms etc., prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any additional approval of the Audit Committee.
3. **Omnibus approval:** The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

Omnibus approval of Audit Committee will be taken for transactions with related parties where besides mentioning names, nature of transaction, period of transaction, maximum amount of transaction there will also be a mention of the base / contracted price and formula for variation in the price. This approval will be valid for a period of 1 year. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the subsidiary subject to following the due process.

These omnibus approvals shall specify following:

- (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.

4. Omnibus blanket approval:

Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction. Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of 1 year.

5. The Audit Committee shall review on a quarterly basis, the details of RPTs entered into by the Company pursuant to the omnibus approval.

6. The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations.

Ratification of Related Party Transactions

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) Any other condition as specified by the audit committee

Provided that 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 listed entity against any loss incurred by it.

9. Board and Shareholders' Approval Mechanism

The following transactions will require approval of the Board of Directors and Shareholders:

- a. Not in the ordinary course of business but at arm's length
- b. In the ordinary course of business but not at arm's length
- c. Not in the ordinary course of business and not at arm's length basis

d. Material RPT's i.e. transactions exceeding rupees one thousand 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 - whether in the ordinary course of business or at arm's length or not unless exempted under Listing Regulations.

10. Disclosure

a. The Company shall submit to the stock exchanges disclosures of Related Party Transactions in such format and at such intervals within timelines, as prescribed under the Listing Regulations/specified by the Securities and Exchange Board of India, from time to time and publish the same on its website.

b. The Company will disclose the Policy on dealing with RPTs on its website.

c. Director's report will contain details of contracts or arrangements or transactions that are:

(i) not at arm's length basis and/ or ordinary course of business

(ii) material

11. Amendments

The Audit Committee may, in case of any regulatory changes, 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 and recommend the same to the Board for its approval.

12. Limitation

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory modification or enactments thereof in the rules or Regulations, in such case Regulations or such Statutory enactments shall prevail over this Policy, and any subsequent amendment/modification/ enactment in the Act or Listing Regulations shall apply mutatis mutandis to this Policy.