



ARROW GREENTECH LIMITED

RELATED PARTY TRANSACTION POLICY:

1. Preamble:

Arrow Greentech Limited ("Arrow" or "Company") is governed by the Companies Act, 2013 ("The Act"), the Rules and Regulations framed thereunder by Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI") LODR Regulations, 2015 ("LODR Regulations"). SEBI has mandated every listed company to formulate a policy on materiality of and dealing with Related Party Transactions ("RPT").

- a. Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.
- b. The Board of Directors of the Company ("Board") on recommendation of the Audit Committee of the Company ("Audit Committee") shall review the Policy once in three years and may amend the same from time to time.

2. Definitions

- a. "Act" shall mean the Companies Act, 2013, rules framed thereunder and includes any amendment thereof
- b. "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
- c. "Material RPT"- shall have the same meaning as defined under the LODR Regulations
- d. "Material modification" means subsequent modification to an existing related party transaction, preapproved by the Audit Committee or Board or Shareholders as the case may be, exceeding 25% of the originally approved value of the said transaction Rs. 1 crore, whichever is higher.
- e. "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 Memorandum & Articles of Association
- f. "Related Party" a means related party as defined under the Companies Act, 2013 read with LODR Regulations, as may be amended from time to time
- g. "Related Party Transaction" means any transaction as defined under the Companies Act, 2013 read with LODR Regulations, as may be amended from time to time



h. "Relative" means a relative as defined under the Companies Act, 2013

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

3. Declaration of Related Parties and the Related Party Transactions

Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall, as may be applicable:

- a. at the time of appointment;
- b. periodically – as required by the Company
- c. whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

Pursuant to Regulation 23 of the LODR Regulations, the following shall not be a related party transaction:

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. 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

c) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors



4. Review and approval of Related Party Transaction

Approval of Related Party Transactions

A. Audit Committee

All the transactions which are identified as Related Party Transactions and subsequent material modifications thereof shall require prior approval of the Audit Committee. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

- a. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. Those members of the audit committee, who are independent directors, shall approve related party transactions. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- b. The Audit Committee may grant omnibus approval to Company and its subsidiary for Related Party Transactions which are repetitive in nature subject to such criteria/conditions as mentioned under the LODR Regulations or Industry Standards or the Act and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. The Audit Committee shall satisfy itself on the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

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

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

- c. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval. The Committee has authority to modify or waive any procedural requirements of this Policy.
 - d. In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
 - e. 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, as per the procedure prescribed under the LODR Regulations.
-



- f. 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.
- g. 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 as per the LODR Regulations;
 - (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.

B. Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

C. Shareholders

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the LODR Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

D. The provisions of regulation 23(2), (3) and (4) of Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary; or between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval or transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

E. Ratification of Contracts by Audit Committee/Board/ Shareholders:

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of section 188 and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

F. The Company shall provide the requisite information as specified under the Companies Act 2013, LODR Regulations, Industry Standards and such other rules, regulations, Circulars, Notifications etc. issued by the regulatory authorities in this regard, before the audit committee, Board, and shareholders, as the case may be, for consideration of RPTs.

G. Reporting of Related Party Transactions

Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

The details of all transactions with related parties shall be submitted, in the format specified and as per the manner and timelines set-out in the LODR Regulations.

The Company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report.

Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the LODR Regulations or of the Act or any other statutory enactments, Rules, the provisions of LODR Regulations or such Act or statutory enactments, Rules shall prevail over this Policy. Any subsequent amendment / modification in the LODR Regulations, Act, Rules and/or applicable laws in this regard shall automatically apply to this Policy.
