



Premier Synthetics Limited

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

1. Preamble

The Board of Directors (the “Board”) of Premier Synthetics Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions and dealing with related party transaction 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 laws and regulations applicable to the Company.

2. Purpose

The Company requires related party transaction to be approved by Audit committee and Clause 49 of the Listing Agreement requires company should articulate a policy and publish on its website 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. This policy is applicable to Key Managerial Personnel and related parties mention in Clause 3.

3. Definitions

‘Act’ means Companies Act, 2013, as amended from time to time.

‘Arm’s Length Transaction’ means a transaction between the Company and its Related Party(ies) that is conducted as if they were unrelated and at a fair value, so that there is no conflict of interest.



‘Associate Company’ means any company, in which the Company controls at least twenty per cent (20%) of total share capital or controls business decisions under an agreement, including a joint venture company but not a subsidiary of the Company.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and the Companies Act, 2013.

“Board” or “Board of Directors” means Board of Directors of the Company, as constituted from time to time.

“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 Companies Act, 2013 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 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 ten (10%) percent of the annual turnover or ten percent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.

“Policy” means Related Party Transaction Policy.

“Related Party” means an entity which –

- i. is a related party under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder (as amended from time to time);
- ii. is a related party under the applicable accounting standards.

“Related Party Transaction or transaction” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Explanation – A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.



‘Stock Exchanges’ means the stock exchanges where equity shares of the Company are listed.

‘Subsidiary company’ or ‘subsidiary’ means the company as defined under Section 2(87) of the Companies Act, 2013. However, for the purpose of compliance under Clause 49 of the Listing Agreement, subsidiary or subsidiary company means the company as defined under the accounting standards issued by the Institute of Chartered Accountant of India.

‘Total Share Capital’ means the aggregate of the (a) paid-up equity share capital; and (b) convertible preference share capital.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Act read with the Rules made there under, the Listing Agreement or any other applicable laws or regulations.

4. Policy

All Related Party Transactions must be reported to the Audit Committee subject to limit specify in Clause 3 and referred for prior-approval by the Committee in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel (KMP) is responsible for providing notice to the Board regarding persons and entities to be considered as “Related Parties” by virtue of his/her being Director/ KMP in the company. Such Notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / KMP in the manner prescribed in the Companies Act, 2013 and the rules there under.

4.2 Approval/Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee. Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

4.3 Approval Process of Related Party Transactions



Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will refuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. 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:

- ❖ Whether the terms of related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ❖ 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;
- ❖ Whether Proposed transaction includes any potential reputational risk issue that may arise as a result of or in connection with the proposed transaction;
- ❖ Whether the Company was notified about the Related party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ❖ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the on-going nature of any proposed relationship and any other factors the Board / Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Exception:



Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

Disclosure

- ❖ Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- ❖ Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ❖ The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- ❖ This Policy will be communicated to all operational employees and other concerned persons of the Company.

Amendment to the Policy

- ❖ The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.



❖ In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
