

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

of
PREMIER CRYOGENICS LIMITED

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Preface

This Policy on Materiality of Related Party Transactions (“the Policy”) has been formulated in accordance to Clause 49 of the Stock Exchanges Listing Agreement.

2 Definitions

- a. “Company” means Premier Cryogenics Ltd.
- b. “Related Party Transaction” is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."
- c. “Related Party” for the purpose of Related Party Transaction, means entity which shall be considered as related to the Company if :
- (i) such entity is a related party under section 2(76) of the Companies Act, 2013; or
 - (ii) such entity is a related party under applicable accounting standards.
- As per Section 2(76) of the Companies Act, 2013, “related party”, with reference to a company, means:
- i) a director or his relative;
 - ii) a key managerial personnel or his relative;
 - iii) a firm, in which a director, manager or his relative is a partner;
 - iv) a private company in which a director or manager is a member or director;
 - v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
 - vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - viii) any company which is—
 - (1) a holding, subsidiary or an associate company of such company; or
 - (2) a subsidiary of a holding company to which it is also a subsidiary;
 - ix) a Director or Key Managerial Personnel of the holding company or his relative;
- d. “Audit Committee” means the Audit Committee as constituted by the Board of Directors of the Company.
- e. “Material Related Party Transaction”, a transaction shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company,
- f. “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

Note: Words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing agreement shall, unless the context otherwise requires, have the meaning respectively assigned to them therein.

3. Process

- a. The transaction with related party should be entered only if it satisfies the following conditions:
 - a) Transaction should be arising out of ordinary course of business
 - b) The transaction should not be prejudicial to the interest of the Company.
 - c) The transaction should be at arm's length.
- b. All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
 - i) 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.
 - 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, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

 - iv) Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
 - v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- c. All Material Related Party Transactions shall require approval of the shareholders through appropriate resolution and the related parties shall abstain from voting on such resolutions.

4. Disclosures

Related Party Transactions

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

5. Amendment

The Board may amend or modify this Policy in whole or in part, from time to time.