



## **PRIME FOCUS LIMITED**

### **RELATED PARTY TRANSACTION POLICY**

#### **PREAMBLE**

The Board of Directors (the “Board”) of Prime Focus Limited (the “Company” or “PFL”), has adopted this policy and the said Policy includes materiality threshold and the manner of dealing with Related Party Transactions in compliance with the regulatory requirements.. The Board of Directors shall review this policy at least once in every three years 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 on the Company.

#### **PURPOSE**

This policy has been formulated with a view to ensure due identification, determining threshold, materiality, manner of dealing, approval, disclosure and reporting of transactions between the Company and its Related Parties in compliance with the requirements of Section 188 of Companies Act 2013 (as amended) (hereinafter referred to as “the Act”) read with relevant Rules framed thereunder and is also intended to cover Related Party Transaction (hereinafter referred to as the “RPT’s”) aspect of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “SEBI Listing Regulations, 2015”) including any amendment thereof, from time to time .

#### **DEFINITIONS**

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted by the Board of Directors in accordance with Section 177 of the Act read with Rules framed thereunder and Regulation 18 of SEBI (Listing Regulations), 2015.

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

“**Material Related Party Transaction**”, means a transaction(s) to be entered into individually or taken together with previous transactions with a related party during a financial year, exceeding ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company.



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(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

**"Related Party"** will have the same meaning as defined under Section 2(76) of the Act and/ or Regulation 2(zb) of SEBI Listing Regulations, 2015 and any amendments thereto, if any.

**"Related Party Transaction"** means all transaction(s) entered between the Company on one hand and one or more related party(ies) on the other hand including contracts, arrangements and transactions as envisaged under Section 188(1) of the Companies Act 2013 and/or Regulation 2(zc) and Regulation 23 of SEBI Listing Regulations, 2015.

**"Relative"** means relative as defined under the Act and Regulation 2(zd) of SEBI Listing Regulations, 2015, includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father);
- iv. Mother (including step-mother);
- v. Son (including step-son);
- vi. Son's wife;
- vii. Daughter;
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

**"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.

## **INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI Listing Regulations, 2015 and/or any other SEBI Regulation(s) as amended from time to time.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final.



## **MANNER OF DEALING WITH RELATED PARTY**

All Related Party Transactions must be reported to the Audit Committee and referred for prior approval by the Committee in accordance with this Policy.

- **Identification of related parties:**

The Company shall identify Related Parties as per the definition provided in the applicable laws and regulations, including the Act and the Listing Regulations, as amended from time to time. The Company shall regularly verify and update the Related Party List and review and confirm (at least once a quarter) in accordance with the applicable laws as prevalent.

- **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 Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Such notice of any potential Related Party Transaction shall be given well in advance to the Audit Committee/Board and shall also contain adequate information about the Related Party Transaction(s). This will provide the Audit Committee / Board Members adequate time and information to consider and review proposed transaction.

- **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 a resolution and the Related Parties shall not vote to approve such resolutions whether the entity is a related party to the particular transaction or not.. However, the requirement for seeking shareholders' approval at general meeting shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

In addition to the above, all kind of transactions specified under Section 188 of the Companies Act, 2013 which (a) are not in the ordinary course of the business and at the arm's length; and (b) exceeds the thresholds laid down in the Companies (Meeting of Board and its Power) Rules, 2014, shall be placed before shareholder for their approval.



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

1. 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.
2. 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.

#### **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

- (a) Subject to the threshold limits specified below, all Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy.
- (b) The threshold limits for approvals will be as follows:
  - i. The transactions for which omnibus approval of the Audit Committee has already been sought will not require prior approval of the Audit Committee for each transaction entered into pursuant to the same
  - ii. Where the need/purpose of the transactions to be entered into with Related Parties cannot be foreseen and details related to name of the party, nature of transaction, maximum amount of transaction, indicative base price / current contracted price and the formula for variation in the price and such other parameters as may be laid down by the Audit Committee, are not available at the time of taking such approval, the omnibus approval for such transactions shall be granted subject to their value not exceeding Rs.1 crore per transaction. Further, such transactions shall be reported to the Audit Committee quarterly.
  - iii. Transactions above value of Rs. 1 crore per transaction and not included in subclause (ii) above, may be granted omnibus approval by Audit Committee subject to criteria specified under Clause C below. Further, such transactions shall be reported to the Audit Committee quarterly.
  - iv. All transactions with Related Parties for which no omnibus approval has been accorded as above, shall require prior approval of Audit Committee and the threshold limit shall be determine by the Committee
  - v. Where Related Party transactions have been entered into prior to such transactions being placed before the Committee reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee



- (c) Related Party Transactions that are not in ordinary course of business but on arm's length basis may be approved by Audit Committee. Where such transactions fall under Section 188 (1) of the Companies Act, 2013, the Audit Committee shall recommend the transaction for approval of the Board.
- (d) Related Party Transactions that are not on arm's length basis, irrespective whether the transactions are covered under Section 188 or not, shall not be approved by Audit Committee and shall be recommended to the Board for appropriate action.
- (e) The Audit Committee shall mandatorily review the statement of all related party transactions (as defined by Audit Committee) submitted by management.
- (f) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
- (g) If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Law, the Board shall ensure that the same be put up for approval by the shareholders of the Company.
- (h) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (i) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.
- (j) If a Related Party Transaction will be ongoing, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, SEBI Listing Regulations, 2015 (as amended) and this Policy and that the Related Party Transaction remains appropriate.
- (k) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.



## OMNIBUS APPROVAL BY THE AUDIT COMMITTEE

For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals for Related Party Transactions proposed to be entered into by the Company subject to the following conditions, and clause (b) above, at the last meeting to be held at every preceding financial year and such approvals shall be valid till the conclusion of the immediately following financial year only. This shall not be applicable to transactions for which omnibus approval of either the Board or shareholders has already been sought. Omnibus approvals shall be granted based on the following:

- The Audit Committee shall, after obtaining approval of the Board of Directors, 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 the transactions which are repetitive in nature
- The Audit Committee shall satisfy itself the need for such omnibus approval and that approval is in the interest of the Company
- Such omnibus approval shall specify the following:
  - 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 or current contracted price and the formula for variation in the price, if any;
  - c. such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such Transactions, subject to their value not exceeding Rs 1Crore.

- i. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same.
- ii. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:
  - a. Transactions which are not in ordinary course of business or not on arm's length basis;
  - b. Transactions in respect of selling or disposing of the undertaking of the Company;
  - c. Transactions which are not in the interest of the Company;
  - d. Such other transactions specified under Applicable Law from time to time.
  - e. Where the Audit Committee has granted omnibus approval for certain transactions, the transactions will be put for review before the Audit Committee quarterly in every financial year.



f. Exceptions allowed under Applicable Laws to Related Party Transactions shall be exempted from the scope of this policy unless the Audit Committee decides otherwise.

- Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the Omnibus Approval given. Such Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one year.

#### **RATIFICATION OF RELATED PARTY TRANSACTION**

Ratification, if any allowed by the Act or any other applicable laws if any. The Related Party Transaction after its commencement or completion will be approved by the Audit Committee/Board in exceptional circumstances only.

#### **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company and also uploaded on the website of the Company.

#### **DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:**

- The Company shall report to the Stock Exchanges on quarterly basis, the details of all material transactions with Related Parties along with the compliance report on corporate governance.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and web link thereto shall be provided in the Annual Report. The Company shall disclose all such Related Party Transactions, as may be required, in the Board's Report to shareholders of the Company along with the justification for entering into contract or arrangement. The Company shall keep one or more registers, as required, giving separately the particulars of all contracts or arrangements with any related party.