



POLICY ON MATERIAL SUBSIDIARIES

[Pursuant to Clause 16 (1)(c) of Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

Prime Focus Limited has floated the following policy with regard to determination of material subsidiaries as defined below. This policy may be reviewed, amended and adopted at the discretion of the Board of Directors.

OBJECTIVE:

To determine the material subsidiaries of Prime Focus Limited and provide the governance framework for such subsidiaries.

DEFINITION:

“Audit committee” means the Audit Committee constituted by the Board of Directors of the Company from time to time under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act 2013.

“Board of Directors” or **“Board”** means the Board of Directors of Prime Focus Limited as constituted from time to time.

“Company” means a Company incorporated under the Companies Act, 2013 or under any previous Company law.

“Independent Director” means a Director of the Company, not being a whole time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time

“Policy” means a policy on material subsidiary/ies.

“Material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“Net Worth” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;

“Subsidiary Company”

“Subsidiary Company” or **“Subsidiary”** in relation to any other company (that is to say the Holding Company), means a company in which the Holding Company:

- i. controls the composition of the Board; or
- ii. exercises or controls more than one half of the total voting power either at its own or together with one or more of its Subsidiary companies.



Explanation- For the purpose of this definition: -

- a) A company shall be deemed to be a Subsidiary company of the Holding Company even if the control referred to in clause (i) or (ii) above is of another Subsidiary company of the Holding Company;
- b) The composition of a company's Board shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors.
- C) the expression "company" includes any body corporate;

The term "Control" shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. (Section 2 (27), of the Act).

Basis for Determining Material Subsidiary:

- A subsidiary shall be a Material subsidiary if the income or net worth of the Subsidiary exceeds ten percent of the consolidated income or net worth of the Listed Company and its subsidiaries in the immediately preceding accounting year.

GOVERNANCE OF A MATERIAL SUBSIDIARY:

1*. At least one Independent Director on the Board of Directors of the Company shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

** For the purpose of appointment of Independent Director, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

2. The Audit Committee of Board of the Company shall review the financial statements in particular the investments made by the unlisted subsidiary company.

3. The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before the Board of the Company.

4. The management shall on a periodically bring to the attention of the Board of Directors of the Company, a statement of significant transactions and arrangements entered by the unlisted subsidiary Company.

DISPOSAL OF MATERIAL SUBSIDIARY

The Company without the prior approval of the Members by special resolution shall not:

- a) dispose off shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- b) cease the exercise of control over the subsidiary or
- c) sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year



DISCLOSURES

As prescribed under Regulation 46(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, this policy shall be disclosed on the Company's website www.primefocus.com and a weblink thereto shall be provided in the Annual Report of the Company.

REVIEW OF 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, not being 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.