



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 the manner of dealing with Related Party Transactions in line with the requirements of section 188 of the Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as “**the Act**”) and Regulation 23 and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and including subsequent amendments thereto. 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/or its Subsidiary Companies and the Related Parties, based on the applicable laws and regulations applicable on the Company.

If the terms of this Policy differ from any existing or newly enacted regulation or standard governing the Company, such regulation or standard will take precedence over this Policy until this Policy is changed to conform to said regulation or standard.

PURPOSE

This Policy is framed as per the provisions of the SEBI Listing Regulations and is intended to ensure proper approval and reporting of Related Party Transactions. Such transactions would be appropriate only if they are in the best interest of the Company and its members.

DEFINITIONS

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

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



“Material Related Party Transactions” shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations.

“Related Party” shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”.

“Related Party Transaction” refers to those transactions that are covered under the scope of section 188 of the Act and Regulation 2(1) (zc) of the Listing Regulations and any other applicable provisions as amended from time to time.

“Relative” means relative as defined under Section 2(77) of the Act and Regulation 2(1)(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)

“Material modification” means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm’s length basis or such other parameter as may be determined by the Audit Committee from time to time.

“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.

“Ordinary course of business” includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. The ordinary course of business covers the usual transactions, customs and practices related to the business.



The following factors are indicative of a transaction being in the ordinary course of business:

- i. The transaction is normal or otherwise unremarkable for the business.
- ii. The transaction is frequent/regular
- iii. The transaction is a source of income for the business
- iv. Transactions that are part of the standard industry practice, even though Company may not have done it in the past.

These are not exhaustive criteria and the Company will have to assess each transaction considering its specific nature and circumstances.

INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Regulations 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 and subsequent material modifications thereof shall be reported to the Audit Committee and referred for prior approval by the Committee in accordance with this Policy. Only those members of Audit Committee who are Independent Directors shall approve the related party transactions.

On a quarterly basis, the Audit Committee shall review transactions with related parties for omnibus approval given on the basis of the Applicable Regulatory Provisions. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

• 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.

• Identification of Related Party Transactions:

The Company shall identify related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. The Company shall determine



whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

Procedure for approval of related party transactions

Approval of the Audit Committee

- All related party transactions and subsequent material modifications require prior approval of the Audit Committee.
- Only Members of the Audit Committee, who are independent directors, shall approve related party transactions.
- A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity.
- Further, with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
- The Audit Committee shall after seeking guidance of the Board of Directors, specify the criteria for granting the omnibus approval in line with this Policy which shall include the following, namely:
 - the name/s of the related party and its relationship with the company and/or its subsidiary, nature of transaction, period of transaction, maximum number of transactions, in aggregate, which shall be entered into in a year;
 - the maximum value per transaction which can be allowed;
 - the indicative base price/current contracted price and the formula for variation in the price, if any;
 - transactions which cannot be subject to the omnibus approval by the Audit Committee; and
 - Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval made.
 - such other conditions as the Audit Committee may deem fit.
- The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - repetitiveness of the transactions (in past or in future).
 - justification for the need of omnibus approval



- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction.
- The Audit Committee shall review, at least 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 1 financial year and shall require a fresh approval after expiry of such financial year.
- In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:
 - For each category of transactions identified as per this policy, the Company has a specific framework and guidelines explaining the arm's length criteria to be followed by the Company and/or the subsidiary, as may be applicable, while entering into transactions falling under contracts and agreements with related parties identified as per this policy. The Company and/or the subsidiary, as may be applicable, while entering into RPTs will ensure adherence with the framework and guidelines and will maintain necessary documents for the same.
 - While seeking approval for a Related Party Transaction placed before the Audit Committee, the Audit Committee shall be provided with the information as required to be provided under the Act and the Listing Regulations.
 - The Board may consider the details as required to be provided under the Act and the Listing Regulations to the Audit Committee, in order to determine if the transaction is in the ordinary course of business and at arm's length or not.
 - The requirement for seeking Audit Committee approval for related party transactions shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company.
 - Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - Transactions which are not at arm's length or not in the ordinary course of business.
 - Transactions which are not repetitive in nature.
 - Transactions exceeding materiality thresholds as laid down in the Policy.
 - Transactions in respect of selling or disposing of an undertaking of the Company.
- Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
- Any other transaction the Audit Committee may deem not fit for omnibus approval.



Approval of the Board of Directors of the Company

- As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.
- In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:
- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval.
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval.
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down in the Policy and any subsequent Material Modification to a Material Related Party Transaction, which are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

- All the transactions with related parties meeting the materiality thresholds, laid down in the Policy, and any material modifications thereto will be placed before the shareholders for their approval.
- The notice being sent to the shareholders seeking approval for any proposed related party transaction shall, include information as required under the Act and the SEBI Listing Regulations.
- Where a related party transaction has been approved by the Audit Committee and shareholders prior to April 1, 2022, there shall be no requirement to seek fresh approval from the shareholders.
- A related party transaction which has been approved by the Audit Committee prior to April 1, 2022, which continues beyond such date and become material as per the revised materiality threshold as specified in Clause 4 above, then such related party transaction shall be placed before the shareholders in the first general meeting held after April 1, 2022.
- The omnibus shareholders' approval of material related party transactions approved in an annual general meeting shall be valid up to the date of the next annual general meeting for a period not exceeding fifteen months. Further in case of omnibus approval for material related party transactions, obtained from shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year.
- All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for their approval.



- For this purpose, no related party shall vote to approve the relevant resolution irrespective of whether the entity is a related party to the particular transaction or not.
- Pursuant to Regulation 23(5)(b) of the SEBI Listing Regulations and Section 188(1) of the Act the requirement for seeking shareholders' approval shall not be applicable, inter alia, to:
 - Transactions entered between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
 - Transactions between two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
 - Above prior approval of the Shareholders shall not be required in cases where the subsidiary is a listed entity and Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary.
 - Also, requirements for shareholders' approval shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the e
 - Exchanges within one day of the resolution plan being approved.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

A Related Party Transaction entered into without the approval of the Audit Committee shall be brought to the Audit Committee as promptly as reasonably practical after it is entered into and such transaction may be voidable at the option of the Board of the Company.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:

The Company shall disclose each year, in its financial statements, the transactions between the company and its Related Parties, as well as policies concerning transactions with Related Parties, in such manner and form as may be prescribed under the applicable laws and the accounting standards.

The Company shall also submit to the stock exchanges, within such timelines as may be prescribed, disclosures of related party transactions in the format as specified by SEBI from time to time, and publish the same on its website.

LAW TO TAKE PRECEDENCE AND APPLICABILITY

In the event of any variation or inconsistency between the provisions of the Policy and the applicable Regulations and/or the Act, the provisions of the applicable Regulations and/or the Act, as the case may be, shall prevail over the Policy and the provisions of the Policy shall be deemed to have been amended so as to be read in consonance with the Regulations and / or the Act.

**** This policy shall be effective from April 01, 2022.***