



POLICY ON MATERIAL SUBSIDIARIES

Policy On Material Subsidiary

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Policy On Material Subsidiary

1. INTRODUCTION

The Board of Directors (the “Board”) of Picturehouse Media Limited (the “Company” or “PHML”), has adopted the following policy and procedures with regard to Subsidiaries of the Company as defined below.

This policy will be applicable to the Company effective from October 1, 2014. This policy is to regulate the investments of Company in Subsidiaries and oversee the functioning of subsidiaries based on the applicable laws and regulations applicable on the Company.

2. TITLE

This Policy on Material Subsidiaries shall be called PHML – Policy on Material Subsidiaries.

3. SCOPE & OBJECTIVE

This Policy is framed, in accordance with the requirement of Clause 49 of the Listing Agreement (including any statutory enactments/amendments thereof) intended to determine the Material Subsidiaries and ensure governance framework of such subsidiary companies.

This Policy may be amended at any time and is subject to

- a) Amendments to the Companies Act, 2013,
- b) Further guidance from SEBI/BSE,
- c) Consequential actions taken by the Board of Directors or the Audit Committee of the Company

4. DEFINITIONS

“Audit Committee or Committee” means a Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchange(s) and the Companies Act, 2013.

“Board of Directors” or “Board” means the Board of Directors of Picturehouse Media Limited, as constituted from time to time.

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“Company” means Picturehouse Media Limited.

“Consolidated Income or Net worth” means the total income or net worth of the Company and its Subsidiaries.

“Independent Director” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

“Material Non Listed Indian Subsidiary” means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose Income or Net Worth (i.e., paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“Policy” means Policy on Material Subsidiaries.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary(ies)” means subsidiary of the Company as defined under the Companies Act, 2013 and the Rules made thereunder.

5. POLICY

A subsidiary shall be a Material Subsidiary for the financial year, if any of the following conditions are satisfied:

- a) Investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year;

OR

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- b) The subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

6. GOVERNANCE OF MATERIAL SUBSIDIARIES

- i. At least one Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian subsidiary company.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- iii. The minutes of the Board Meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- iv. The management should periodically (half yearly/annually/quarterly) bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

7. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution, shall not:

- a) dispose of the shares held in its material subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%;

OR

- b) cease the exercise of control over the material subsidiary;

OR

- c) sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

unless the divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

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8. AMENDMENTS

The Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provisions or replace this Policy entirely with a new Policy subject the provisions of the Listing Agreement/Guidance note from SEBI/Circulars from Stock Exchanges/Companies Act, 2013.

9. DISCLOSURES

The Policy for determining material subsidiaries shall be disclosed on the website of the Company at www.pvpcinema.com or such other domain name as may be decided from time to time and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.

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