



## **POLICY ON RELATED PARTY TRANSACTIONS**

**(Pursuant to Regulation 23 of  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015  
and Amendment thereon**

**w.e.f. June 01, 2022**

**Policy on Related Party Transactions**  
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**1) Preamble**

- a) The Board of Directors (“the Board”) of Picturehouse Media Limited (“the Company”) have adopted this policy and associated procedures with regard to Related Party Transactions (RPT). This has been framed with respect to the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations 2015.
- b) This policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions (RPTs) including material transactions.
- c) This policy is in supersession of the policies relating to transactions with related parties earlier approved by the Board from time to time and shall be effective from 1<sup>st</sup> June, 2022.
- d) It shall be the endeavor of the Company to take all necessary efforts to maintain the highest ethical standards in the conduct of business and steadfastly stand for the principle of Arm’s Length Pricing (ALP) dealing with Related Parties.

**2) Objective of the Policy**

- a) This policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the company and any of its Related Parties having regard to the potential or actual conflicts of interest that may arise because of entering into these RPTs. Its cardinal objective is compliance with the applicable Laws, Regulations and Standards.
- b) The provisions of this policy are designed to govern the approval process and disclosure requirements to achieve transparency in the conduct of RPT in the best interest of the company and its shareholders.

### **3) Definitions**

Words and expressions used in this policy shall have the meanings assigned to them in the Companies Act, 2013 read with relevant Rules thereof, SEBI Listing Regulations, Accounting Standard and/ or other applicable Laws, Regulations and Standards.

### **4) Materiality thresholds**

- a. Transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements whichever is lower.
- b. If the payments made to related parties with respect to Brand Usage or Royalty, if the limit exceeds 5% of annual consolidated turnover of the Company as per the last audited financial statements.
- c. If the payments made to related parties is with respect to any office or place of profit at monthly remuneration, then the limit would be Rs. 2,50,000/-.

### **5) Materiality Modifications**

- a) Material modification for the purpose of this policy means any modification(s) in the pricing, quantity or overall transaction value that has an effect or cumulative effect of variation in the value of previously approved RPT by 10% (ten percent) or more.
- b) Further, any modifications with regard to any norms such as payment schedule, delivery schedule and novation of contracts, payment renunciation etc. that has an effect of 20% (twenty percent) deviations from the agreed terms and conditions of the contracts.

## **6) Identification of RPT**

- a) The Company Secretary will use the disclosures under Section 184 & 189 of the Companies Act, 2013 by the directors of the Company with regard to the identification of the Related Party.
- b) All Directors and KMPs are responsible for providing notice to the Company Secretary of any potential RPT involving them or their relatives.
- c) The Company Secretary would engage with the CFO/MD/WTO/HODs and keep constant track of potential RPT for early identification.
- d) An employee of the Company who is aware of any transaction that is or may be perceived to be an RPT shall bring the same to the attention of his HOD and it shall be the duty of the HOD to report such RPT to the Audit Committee through the Company Secretary.
- e) The Company Secretary shall provide any additional information about the RPTs that the Audit Committee may require.

## **7) Mechanism for determining ordinary course of business and arm's length basis:**

- (a) All transactions or activities that are normal and incidental to the regular business of the Company such activity shall be deemed to be in the ordinary course of business (OCB), provided the objects of the Company permit such activity. These may also include common practices and customs of commercial transactions with a pattern of frequency.
- (b) Few factors based on which a transaction is considered as an OCB may be considered such as the activity is covered in the objects clause of the Memorandum of Association, activity is in furtherance of the business, activity is normal or otherwise routine for the business, the activity is repetitive/frequent, and the transactions are common in the industry in which the Company operates.

- (c) For determining Arms' Length Pricing (ALP), the Transfer Pricing guidelines issued under the provisions of Income-Tax Act 1961 may be used to determine these criteria on a case-to-case basis.

## **8) Terms of the Policy**

### ***a) Approval of Audit Committee***

- i) All RPTs (as prescribed under the Companies Act, 2013 and the Listing Regulations and subsequent material modification(s) thereto) of the Company shall require prior approval of the Audit Committee of the Board.
- ii) While all members of the Audit Committee can participate in the discussion, only Independent Directors (IDs) therein can approve the RPT and subsequent material modification thereto.
- iii) In case in a transaction any Member is interested, that Member shall neither participate in such discussion/s nor vote to approve the RPT.
- iv) The Company shall provide all relevant information on the RPT, including but not restricted to those specified in SEBI circular dated 22<sup>nd</sup> Nov 2021 and as amended from time to time, for the Audit Committee to have full clarity and arrive at an informed decision.
- v) The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

### ***b) Omnibus Approval***

- i) The Company may obtain omnibus approval from the Audit Committee for a period not exceeding one year with respect to RPTs that are repetitive in nature.

- ii) The Audit Committee shall recommend to the Board the criteria for granting the omnibus approval in line with the RPT policy.
- iii) The Audit Committee shall, after obtaining the approval of Board of Directors, specify the criteria for giving omnibus approval with regard to the RPTs. It shall also follow the requirements under Rule-6A of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.
- iv) Where the need for the RPT cannot be foreseen, the Audit Committee may make omnibus approval for such transaction subject to the value not exceeding Rs. One crore per transaction.
- v) The 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 the variation in price if any.
  - (c) such other conditions as audit committee may deem fit.
- vi) Only the IDs of the Audit Committee are entitled to vote on the resolution sanctioning the omnibus approval for RPTs.
- vii) Transactions in which Members are interested shall neither participate in the discussion/s nor form part of the omnibus approval.
- viii) The Audit Committee may also specify special condition/s, that it deems it fit with regard to the RPTs for which omnibus approval is given.
- ix) The Audit Committee will review in each of its meeting, at least on a quarterly basis, the details of RPTs in pursuance of each of the omnibus approval given along with other RPT transactions.
- x) 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) Ratification***

- a) Ratification of an RPT after its commencement or completion will be approved by the Audit Committee only in exceptional circumstances and after recording the justification for its decision in writing. While so ratifying, the Audit Committee may impose such conditions or modifications as it deems fit.
  
- b) An RPT entered without prior approval or not covered by the omnibus approval of Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly and reasonably as practicable after being noticed as an RPT.

***d) Board review***

If the Audit Committee determines that a particular RPT needs to be brought before the Board or if the Board on its own accord elects to review any such matter or it is mandatory under any law for the Board to approve such RPT, then the Board shall consider and approve such RPT. In doing so, the Board may impose such condition or modification as may be necessary or appropriate under the circumstances.

***e) Shareholder approval***

- i) All material RPTs and subsequent material modifications shall require the prior approval of shareholders.
  
- ii) No related party can vote to approve the resolution for above purpose. For this purpose, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

iii) The Notice to shareholders for the above purpose shall disclose the details required under the Companies Act, 2013, SEBI Circular dated 22.11.2021 as amended from time and other information considered desirable or necessary by the Board of Directors.

**9) The following are not covered under RPTs and not requiring any approvals**

Notwithstanding the foregoing, the following are not covered under RPTs and shall not require the approval of Audit Committee, Board or Shareholders except where required under specific provisions of the Companies Act / SEBI LODR Regulations:

- (i) Transactions pertaining to the appointment and remuneration of the Directors and KMPs that are already approved on the recommendation of the Nomination and Remuneration Committee by the Board.
- (ii) The reimbursement of reasonable expenses incurred by the Directors and KMPs in the normal course of business.
- (iii) Transactions that have been approved by the Board under specific provisions of the Companies Act, 2013.
- (iv) Transactions arising out of corporate actions that are uniformly applicable/ offered to all shareholders on pro-rata basis.
- (v) Transactions that have been excluded in the Act, SEBI Regulations, SEBI Circulars and Standards etc.
- (vi) 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.
- (vii) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

However, the item Nos. (i), (iii), (v), (vi) & (vii) will be disclosed under Related Party Transactions where ever required.



## 10) General

- a) The Company, the Audit Committee or the Board shall comply with applicable provisions of the Companies Act, 2013 read with relevant Rules, Circulars/clarifications thereof, Listing Regulations and Accounting Standard. The approval process, voting rights, disclosures shall all be in strict compliance of extant Rules and Regulations and amendment thereon.
- b) This Policy will be communicated to all HODs and other concerned employees of the Company.
- c) This Policy shall be disclosed on the website of the Company and the weblink thereto shall be provided in the Annual Report.
- d) The Board or the Audit Committee may amend the policy from time to time as may be required.
- e) Any interpretation, determination or other action taken by the Audit Committee, or the Board shall be final and binding on the concerned Related Party.
- f) This Policy will be reviewed once in every three years, or earlier if considered necessary, by the Board of Directors and updated accordingly.

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