

Asia Capital Limited

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. LEGAL FRAMEWORK

The Board of Directors (the “Board”) of the Company has adopted the following policy and procedures with regard to determination of “Material Subsidiaries” in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended (the “SEBI Listing Regulations”). The Board / its Committees may review this policy from time to time.

2. APPLICABILITY:

In compliance of the Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Asia Capital Limited, being a Listed Company has formulated & adopted a Policy of determining Material Subsidiary at its Meeting of Board of Directors.

3. DEFINITIONS

- a. “Act” means Companies Act, 2013 & Rules made thereunder;
- b. “Audit Committee” means the committee formed under Section 177 of the Act by the Board of the Company, from time to time;
- c. “Board of Directors” or “Board” means the Board of directors of Asia Capital Limited, as constituted from time to time;
- d. “Company” means **ASIA CAPITAL LIMITED**;
- e. “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or person acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder’s agreements or voting agreements or in any other manner;
- f. “Holding Company” in relation to one or more other companies, means a company of which such companies are subsidiary companies.;
- g. “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 Act and the Listing Regulations;

- h. **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds 10% (Ten percent) of the consolidated income or net worth respectively, of the company in the immediately preceding accounting year;
- i. **“Material Unlisted Indian Subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company in the immediately preceding accounting year;
- j. **“Net worth”** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;
- k. **“Significant transactions or arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (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;
- l. **“Subsidiary Company”** means a subsidiary as defined under the Companies Act, 2013 and the rules made thereunder;
- m. **“Unlisted Subsidiary”** means a subsidiary whose securities are not listed on any recognized Stock Exchanges.

Any other term not defined herein, shall have the same meaning ascribed to it, as defined under the Companies Act, 2013 and the Rules framed thereunder, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Act, Rules and Regulations framed by the Securities Exchange Board of India or any other relevant legislation/regulation applicable to the Company.

4. GUIDING PRINCIPLES

A subsidiary shall be a Material Subsidiary, if its 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.

5. PROVISIONS WITH REGARD TO SUBSIDIARIES

- 1. The Audit Committee of the Company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company on a quarterly basis;
- 2. The Minutes of the Board Meetings of the Unlisted Subsidiary company shall be placed at the Board Meeting of the Company on a quarterly basis;
- 3. The Management of the Unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions &

arrangements entered into by the unlisted subsidiary company shall be placed before the Board.

Explanation: - For the purpose of this provisions the term “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;

4. Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Nothing contained in this clause, shall apply to a case:

- Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company;
 - Where the subsidiary company holds such shares as a trustee; or
 - Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company;
5. The Company shall not directly/indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
 6. The Company shall include particulars of its subsidiary companies in its annual return;
 7. The Company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;
 8. The Company shall, along with its financial statements to be filed with the Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India; and
 9. The Company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the Company, who asks for it.

6. PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARIES

1. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), 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 in the immediately preceding accounting year;
2. The Company shall not dispose of shares in its material subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less

than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

3. The Company shall not sell, dispose and lease of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved; and
4. The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

7. DISCLOSURES & NOTING

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

8. REVIEW OF THE POLICY

The policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.
