

Asia Capital Limited

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POLICY ON RELATED PARTY TRANSACTION

1. INTRODUCTION

The Board of Directors (the “Board”) of **ASIA CAPITAL LIMITED** (the “Company”), recognizes that certain relationships can present potential or actual conflicts to interest and may raise questions about whether transactions associated with such relationships are consistent with Company’s and its stakeholders’ best interest. The Company must specifically ensure that the certain transactions are effected and disclosed in accordance with strict legal and accounting standard to which it is subject. The following policy regarding review and approval of related party transactions has been adopted by the Company’s Board of Directors as defined below, in compliance with the requirements of Section 188 of the Companies Act 2013 (the “Act”) and Rules made thereunder and any subsequent amendments thereto and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in order to ensure the transparency and procedural fairness of Related Party Transactions.

2. PURPOSE

This policy is framed to ensure proper approval and reporting of transactions between the Company and its Related Parties. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties, in terms of the applicable laws.

3. DEFINITIONS

- a. “**Act**” shall mean the Companies Act, 2013 and the rules framed there under, including any modifications, amendments, clarifications circulars or re-enactment thereof;
- b. “**Arm’s Length basis**” means a transaction between two related parties that is conducted as if they were unrelated, so there is no conflict of interest. For determining of Arm’s length basis, guidance may be taken from the provisions of Transfer Pricing under the Income Tax Act, 1961;
- c. “**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Section 177 of the Companies Act, 2013;
- d. “**Board**” means Board of Directors of the Company;

- e. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- f. **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes:
- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole- time director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer;
- g. **“Related Party Transactions”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. It refers to transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

As per Section 188 of the Companies’ Act 2013:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company,
- its subsidiary Company or associate Company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company.

As per Regulation 2 (zc) of SEBI LODR:

- Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

As per AS 18:

- Transfer of research and development
- License agreements
- Finance (including loans and equity contributions in cash or kind).
- Guarantees and collaterals
- Management contracts including for deputation of employees;

- h. **“Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company;
- i. **“Policy”** means Related Party Transaction Policy;

- j. **“Related Party”** means related party as defined in Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is as follows:

An entity shall be considered as related to the Company if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party;

- k. **“Relative”** with reference to any person, means anyone who is related to another, if
- (i) They are the members of a Hindu Undivided Family
 - (ii) They are husband and wife; or
 - (iii) One person is related to other person as:
 - a) Father (including step-father).
 - b) Mother (including step-mother).
 - c) Son (including step-son).
 - d) Son’s wife.
 - e) Daughter.
 - f) Daughter’s husband.
 - g) Brother (including step-brother);
 - h) Sister (including step-sister).

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4. POLICY

All Related Party transactions will be referred/reported to Audit Committee for approval by the Committee in accordance with this Policy.

5. IDENTIFICATION OF THE POTENTIAL RELATED PARTY TRANSACTION

All the companies which are directly or indirectly related to the Company will be considered as Related Parties. The Company shall also identify Related Party Transactions with Directors/Key Managerial Personnel or with their relatives.

Each director/Key Managerial Personnel is responsible for providing written notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relatives.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- a. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee /Board or all Related Party Transactions other than those with Exempted Wholly

Owned Subsidiaries, if any, (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).

- b. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:
 - (i) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into be specified;
 - (ii) The indicative base price/current contracted price and the formula for variation in the price, if any be specified;
 - (iii) Such other conditions as the Audit Committee may deem fit.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

- c. Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- d. Audit Committee shall review, at-least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules framed thereunder (including obtaining approval of the Board and/or its shareholders, as applicable) for such contract or arrangement.
- f. All material related party transactions, other than those with exempted Wholly Owned Subsidiaries will be placed for approval of the shareholders of the Company and the related parties shall abstain from voting on such resolutions. The interested Directors shall also not be eligible to participate in the discussion and voting on the related party transactions in terms of section 184 of the Companies Act, 2013.

7. DISCLOSURES

The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company. Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy will be disclosed/ hosted on Company's website and a web link there to shall be provided in the Annual Report of the Company.

8. AMENDMENT

The Company reserves the power to review and amend this Policy in whole or in part, from time to time.

Note: The provisions of the Companies Act, 2013 and rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.
