

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 Related party transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether transactions are consistent with Company’s best interests. Therefore, this Policy has been adopted by the Company’s Board of Directors, as recommended by the Audit Committee, in order to determine the manner of dealing with Related Party Transactions and setting forth the procedures under which certain transactions must be reviewed and approved as per the applicable provisions of the Companies Act and SEBI LODR Regulations as defined below.

2. OBJECTIVE

The objective of this policy is to regulate transactions considered as RPT mentioned below based on the Act, Listing Regulations and any other laws and regulations as may be applicable to the Company.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of RPTs in the best interest of the Company and its shareholders.

3. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and the rules framed there under, including any modifications, amendments, clarifications circulars or re-enactment thereof;

“**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. For determining of Arm’s length basis, guidance may be taken from the provisions of Transfer Pricing under the Income Tax Act, 1961;

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

“Board” means Board of Directors of the Company;

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

“Key Managerial Personnel” or **“KMP”** means the managerial personnel as defined under Section 2(51) of the Companies Act;

“Material Related Party Transaction (Material RPT)” shall have the same meaning as defined under Regulation 23(1) and 23(1A) of the Listing Regulations and/or as determined in terms of the Companies Act, 2013.

“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 and under applicable accounting standards, each as amended. 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” or **“(RPT)”** shall have the same meaning as defined under Section 188(1) of the Act and /or as defined in Regulation 2(1)(zc) of Listing Regulations.

“Policy” means Related Party Transaction Policy;

“Relative” shall have the same meaning as defined under Section 2(77) of the Act.

“Ordinary Course of Business” with reference to a transaction with a related party means a transaction which is:

- (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
- (ii) whether the activity is in furtherance of business
- (iii) whether the activity is repetitive and frequent
- (iv) historical practice with a pattern of frequency;
- (v) common commercial practice; or (vi) meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time

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. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

- **Disclosure by Directors**

Every director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

- **Identification of related parties**

The Company shall identify the Related Parties as follows:

Each director and Key Managerial Personnel is responsible for providing notice to the Company or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board /Audit Committee may reasonably request. Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.

Each director and Key Managerial Personnel are responsible for informing the Company of their interest (including the interest of their relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. Such disclosures shall be placed before the Audit Committee and the Board and taken on record.

- **Identification of related party transactions**

A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.

The Audit Committee shall identify related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. The Audit Committee shall determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Audit Committee may seek external professional opinion, if necessary

6. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires the Company to provide materiality thresholds for transactions beyond which prior approval of the shareholders' will be required by way of a resolution. Regulations 23(1) of the SEBI Listing Regulations are as under:

- In case of transaction to be entered individually or taken together with previous transactions during a financial year involving payments made to a Related Party with respect to brand usage

or royalty, if it exceeds five percent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.

- In case of any other transaction, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1,000 crore or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

- Further, Regulation 23 of the SEBI Listing Regulations provide that any subsequent material modifications to the terms of such transactions, as defined by the Audit Committee, shall also require shareholders' prior approval by way of a resolution.

7. REVIEW AND APPROVAL FOR RELATED PARTY TRANSACTIONS

All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee unless otherwise specifically exempted in accordance with this Policy.

Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

(i) Approval of Audit Committee:

a. Subject to the omnibus approval process under Regulation 23(3) of the SEBI LODR Regulations and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2015, all Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee.

b. With effect from 1 April 2023, a Related Party Transaction to which the Subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company, 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 Company as specified under Regulation 23(2) of SEBI LODR Regulations, as amended from time to time.

Further, with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company 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.

c. 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 and placed before the shareholders at the general meeting for approval.

d. Where any member of Audit Committee / Director is interested in any contract or arrangement with a Related Party, such member / Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

The Audit Committee, may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

b. 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. However, in case of related party transactions which cannot be foreseen and where the specified details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction.

d. 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; and

e. 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 SEBI Listing Regulations.

f. The Board may consider the details as required to be provided under the Act and the SEBI 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.

g. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, maximum value per transaction (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

(ii)Approval of the Board of Directors:

The following transactions shall require approval of the Board duly recommended by the Audit Committee:

a. All transactions with Related Parties as specified under Section 188 of the Companies Act, which are not in ordinary course of business or not at arm's length, or both or whether or not it is a material related party transaction.

b. All transactions with Related Parties which are required to be placed before the shareholders for approval under the Companies Act or SEBI LODR Regulations.

(iii) Approval of the shareholders:

- a. All Material Related Party Transactions and any subsequent Material Modifications made thereto shall require prior approval of the shareholders through a resolution and all the Related Parties shall not vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.
- b. All Related Party Transactions specified under Section 188 of the Companies Act, which are not in ordinary course of business or not on arm's length basis and exceed the threshold limits specified thereunder shall require prior approval of the shareholders through a resolution and voting restrictions for this purpose would be governed by the Companies Act and SEBI LODR as amended from time to time.
- c. 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.

However, the shareholders' approval is not required for the following cases:

- a. transactions entered between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; and
- b. 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

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed forthwith by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders. In connection with any review of a RPT, the Audit Committee has authority to modify any procedural requirements of this Policy.

9. DISCLOSURES

Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual / Board's Report and to the Stock Exchanges. The Company Secretary of the Company shall be responsible for ensuring that the required disclosures relating to RPTs are duly made.

10. AMENDMENTS AND POLICY REVIEW

In the event of regulatory changes which make any of the provisions in the Policy inconsistent, such amended regulatory changes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with applicable law(s).

This Policy shall be reviewed by the Audit Committee and Board at least once in every three years. Any changes or modification to the Policy as recommended by the Audit Committee shall be placed before the Board for approval. The Board can from time to time authorise Directors to make changes in the Policy due to regulatory or legal requirement and such changes made to be brought to the attention of the Board at the first meeting following the amendment(s).