

ASIAN HOTELS (EAST) LIMITED

POLICY ON MATERIAL SUBSIDIARIES

Preamble

The Board of Directors (the 'Board') of Asian Hotels (East) Ltd. (the 'Company') at its meeting held on 3rd February, 2020 has amended the policy and procedures with regard to determination of Material Subsidiaries in compliance with the requirement of Regulations 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'] amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in supersession of the existing policy which was adopted by the Board of Directors in its meeting held on 30th October, 2015.

Objective

The objective of this policy is to determine Material Subsidiaries and to provide the governance framework for such subsidiaries.

Definitions

- 1) **"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- 2) **"Significant Transaction or Arrangement"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% 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.
- 3) **"Subsidiary"** shall mean a subsidiary, as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

All the words and expressions used in this policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

Policy and Procedure

- 1) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- 2) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.



[Explanation-For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, 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 and its subsidiaries in the immediately preceding accounting year.]

- 3) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the Company.
- 4) The Board shall be provided with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Restriction on Disposal of Shares/Transfer of Assets of a Material Subsidiary

- 1) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent 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 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].
- 2) Selling, disposing and leasing 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].

Disclosures

This policy shall be disclosed in the Company's website: www.ahleast.com

Review and Amendment

The Board may, subject to applicable Listing Regulations review and amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

In the event of any conflict between the provisions of this policy and of the Companies Act, 2013 or Listing Regulations i.e. SEBI (Listing Obligation and Disclosure Requirements), 2015 or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment/modification in the SEBI (Listing Obligation and Disclosure Requirements), 2015, Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this policy.

