

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 30th October, 2015 has adopted this new policy and procedures with regard to determination of Material Subsidiaries in compliance with the requirement of Regulations 16(1)(c) and 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'] (effective from 1st December 2015) in substitution of the existing policy.

Objective

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

Definitions

- 1) **"Material Subsidiary"** means a subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the previous financial year.
- 2) **"Significant Transaction or Arrangement"** means 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 material subsidiary for the immediately preceding accounting year.
- 3) **"Subsidiary"** means as defined under 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 of the Company shall be a director on the Board of the Unlisted Material Subsidiary Company.
- 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) 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 such cases where divestment is under a scheme of arrangement, duly approved by a Court/ Tribunal.

- 2) Selling, disposing and leasing of assets, amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement, duly approved by a Court/Tribunal.

Disclosures

This policy shall be disclosed in the Company's website.

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.

