

**ASIAN HOTELS (NORTH) LIMITED**

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

(Amended w.e.f. 1<sup>st</sup> April, 2019)

**INTRODUCTION**

The Board of Directors of Asian Hotels (North) Limited has adopted the following policy to determine its Material Subsidiaries.

This Policy shall be called 'Policy for determining material subsidiaries'.

**OBJECTIVE**

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

The Policy has been drawn in pursuance of Regulation 16(1)(c) read with Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**DEFINITIONS**

**"Board of Directors"** or **"Board"** means the Board of Directors of Asian Hotels (North) Limited, as constituted from time to time.

**"Company"** means Asian Hotels (North) Limited.

**"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 Companies Act, 2013 and the Listing Regulations.

**"Policy"** means this Policy, as amended from time to time.

**"Significant Transactions or Arrangements"** means 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 un-listed subsidiary for the immediately preceding financial year.

**"Subsidiary"** shall mean a subsidiary as defined under the Act and Rules made there-under.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

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## POLICY

**“Material Subsidiary”**, with reference to Regulation 16(1)(c) of the Listing Regulations shall mean a subsidiary whose:

- i. income exceeds ten per cent of the consolidated income of the Company and its subsidiaries as per the audited balance sheet of the immediately preceding financial year; or
- ii. net worth exceeds ten per cent of the consolidated net worth of the Company and its subsidiaries as per the audited balance sheet of the immediately preceding financial year.

Details of such ‘Material subsidiaries’ shall be placed before the Audit Committee every year.

## SPECIFIC REQUIREMENTS REGARDING MATERIAL SUBSIDIARIES

The Company, without passing a special resolution (in its General Meeting/through Postal Ballot), shall not:

- dispose of shares in the material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose of shares in the material subsidiary which would result in ceasing exercise of control over the subsidiary or
- sell, dispose of or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless the divestment/ 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 Stock Exchanges within one day of the resolution plan being approved.

## SPECIFIC REQUIREMENTS REGARDING UN-LISTED MATERIAL SUBSIDIARIES

At least one Independent Director on the Board of the Company shall be a Director on the Board of the un-listed material subsidiary, whether incorporated in India or not. However, for the limited purpose of this clause, material subsidiary shall mean a subsidiary whose income or net worth exceeds twenty per cent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediate preceding accounting year.

## MISCELLANEOUS PROVISIONS APPLICABLE TO ALL SUBSIDIARIES

- Audit Committee of the Company shall review the Financial Statements in particular the investments made by the un-listed subsidiaries.
- Minutes of Board meetings of the un-listed subsidiaries shall be placed before the Board of the Company.
- A periodical statement of all Significant Transactions and Arrangements entered into by the un-listed subsidiaries shall be placed before the Board of the Company.

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## **AMENDMENTS**

The Board may, subject to applicable laws, amend any of the provisions contained herein or restate the Policy in its entirety, based on the recommendations of the Audit Committee.

The Board may introduce further guidelines and procedures, to give effect to this Policy and to ensure effective governance of material subsidiary companies.

## **SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, then, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **DISSEMINATION OF THE POLICY**

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

Note: The Original Policy effective 8<sup>th</sup> March, 2015, which was amended and approved by the Board on 11<sup>th</sup> February, 2016, was further amended and approved by the Board of Directors on 12<sup>th</sup> February, 2019. However, amended Policy will take effect from 1<sup>st</sup> April, 2019.

