POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. BACKGROUND

This Policy has been formulated in accordance with Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof ("Listing Regulations"), which requires every listed Company to formulate a Policy for determining Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

Accordingly, the Board of the Directors of Ashika Global Securities Limited ("AGSL") (Formerly, Ashika Credit Capital Limited) (the "Company") has approved and adopted the "Policy for Determining Material Subsidiary" ("Policy") of the Company in its meeting held on 13th February, 2023 and the said Policy shall be effective from the day company shall have Subsidiary/Material subsidiary. The said policy has been revised in the Board Meeting held on 12th February, 2025 to make necessary changes to align with best corporate norms and incorporate changes pursuant to SEBI (LODR) (Third Amendment) Regulations, 2024. The revised policy is effective from 1st February, 2025.

2. OBJECTIVES

As the name suggests, material subsidiaries of the Company have a significant impact on the financials of the Company and therefore warrants a proper procedure for their identification. This Policy is framed and adopted to determine the material subsidiary(ies) of the Company and to provide the Governance Framework for such subsidiary(ies) alongwith the manner in which transactions may be entered into with such Material Subsidiaries.

3. DEFINITIONS

In this Code, unless the context otherwise requires:

"Act" means the Companies Act, 2013 including any statutory modifications or reenactments thereof.

"Audit Committee" means the committee constituted by the Board of Directors of the Company, from time to time, in accordance with Section 177 of the Companies Act 2013 and Regulation 18 of the Listing Regulations.

"Board" means the Board of Directors of Ashika Global Securities Limited, as constituted from time to time

"Material Subsidiary(ies)" shall have the meaning as ascribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 or any other applicable law.

"Unlisted Subsidiary(ies)" shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

"Net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

"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.

"**Subsidiary**" shall mean as defined under Section 2 (87) of the Companies Act, 2013 and the Rules made thereunder.

Any other word(s) used in this Policy but not defined herein shall have the same meaning as defined in the Act including any statutory modifications or re-enactments thereof.

4. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARIES OF THE COMPANY

*Once a Subsidiary is identified as **Material Subsidiary**, the Company shall adhere to the following procedures:*

a) 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 fifty percent (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 or under a resolution plan duly approved under Section 31 of the Insolvency Code and such as event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

b) 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such as event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

   Nothing contained in this sub-clause shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company.

c) Appointment of Independent Director on the Board of Material Subsidiary will be as per the requirement of the SEBI LODR and Companies Act.

   *For the purpose of this clause the term **"material subsidiary"** shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

d) The company and its material unlisted subsidiary shall undertake Secretarial Audit by a Secretarial Auditor, given by a peer reviewed company secretary in practice in such form as specified, with the Annual Report of the Company.

General Compliances in respect of other Subsidiaries

a) The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary on a quarterly basis.

b) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company (including the unlisted material subsidiary).

c) The minutes of the meetings of the Board of Directors of the unlisted subsidiary (including the unlisted material subsidiary) shall be placed at the meeting of the Board of Directors of the Company.

d) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary (including the unlisted material subsidiary).

5. AMENDMENTS AND UPDATIONS

Any subsequent amendment(s)/modification(s) in the Listing Regulations or any other governing law, which makes any of the provision of this Policy inconsistent with Listing Regulations or other governing law, then the provisions of such Listing Regulations or any other governing law shall prevail and the Chief Finance Officer and the Company Secretary of the Company are severally authorized to carry out any further changes in the Policy to make it consistent with the amended Listing Regulations or other governing law and the Board shall be kept informed of the same. The Board shall also have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, or on the recommendation of the audit committee.

The Policy for determining Material Subsidiary, duly approved by the Board of Directors shall be placed on the website of the Company at www.ashikagroup.com and a web-link thereto shall be provided in the Annual Report of the Company.

6. INTERPRETATION

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, Listing Regulations, Accounting Standards or any other relevant legislations/ laws applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Board and the decision of the Board in such a case shall be final.

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