

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. INTRODUCTION:

The Board of Directors of Allied Digital Services Limited (“The Company”) has adopted the following policy and procedures with regard to determination of material subsidiary (ies) as defined below. The Board may review and amend this policy from time to time.

This Policy has been approved and adopted by the Board of Directors of the Company at its Meeting held on February 12, 2016 and shall be effective from February 12, 2016 in terms of Clause 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

2. OBJECTIVE:

To determine the Material Subsidiaries of Allied Digital Services Limited and to provide the governance framework for such subsidiaries.

3. DEFINITIONS:

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under Listing Regulations and the Companies Act, 2013.

“**Board of Director**” or “Board” means the Board of Directors of Allied Digital Services Limited, as constituted from time to time.

“**Company**” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“**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 Listing Regulation.

“**Policy**” means the Policy on Material Subsidiaries.

“**Material Non Listed Indian Subsidiary**” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian stock exchanges.

“**Significant Transaction or Arrangement**” shall mean 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 material unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

All the Words and expressions used in this Policy, unless defined hereinafter, shall have meanings 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.

4. POLICY:

A subsidiary shall be considered as '**MATERIAL' SUBSIDIARY** if –

- a) Income exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year.

OR

- b) Net worth exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year.

5. OTHER REQUIREMENTS:

- a) One **Independent Director** of the Company shall be a director on the Board of the material non-listed Indian subsidiary company.

Material non-listed Indian subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively of the Company in the immediately preceding accounting year.

- b) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by all the unlisted subsidiary companies on quarterly basis.
- c) The minutes of the Board Meetings of all the unlisted subsidiary companies shall be placed before the Board of the Company on quarterly basis.
- d) The management shall on quarterly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by all the unlisted subsidiary companies.
- e) The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director on the board of material non-listed Indian subsidiary.

6. DISPOSAL OF MATERIAL SUBSIDIARY:

The Company shall not without passing a special resolution in its general meeting:

- a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent ; or
- b) Ceases the exercise of control over the subsidiary; or
- c) Sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary.

Provided that no such prior approval of shareholders by way of special resolution in general meeting will be required if the sale, disposal, lease is made pursuant to a scheme of arrangement duly approved by a Court/Tribunal.

7. AMENDMENT:

In case of any subsequent amendment / modification in the Listing Regulations, Companies Act, 2013 or any other applicable laws in this regard shall automatically apply to this Policy.

8. REVIEW:

The Policy shall be reviewed as and when required. The Board of Directors has the right to change/amend the policy as may be expedient taking into account the law for the time being in force.

9. DISSEMINATION:

Pursuant to Regulation 46 of Listing Regulations, this Policy and any amendment thereto shall be posted on the website of the Company and a web link thereto shall be provided in the Annual Report.
