

RELATED PARTY TRANSACTION POLICY

1) SCOPE AND PURPOSE OF THE POLICY

- Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Clause 49 of the Listing Agreement (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014), Allied Digital Services Limited (ADSL) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Also, Clause 49(VII)(C) of the Listing Agreement requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.
- In light of the above, ADSL has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

2) OBJECTIVE OF THE POLICY

- The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

3) DEFINITIONS

- **“Audit Committee or Committee”**_means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

- **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes
 - (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer
- **“Material Related Party Transaction”** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.
- **“Policy”** means this Policy, as amended from time to time.
- **“Related Party”** in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and clause 49 of the listing agreement as amended from time to time.
- **“Related Party Transaction”** in relation to the Company means a transaction with a Related Party under the relevant provisions of the Companies Act, 2013 or the listing agreement or any other related law, regulation, standard etc.
- **“Relative”** means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –
 - i. They are members of a Hindu undivided family;
 - ii. They are husband and wife;
 - iii. Father (including step-father);
 - iv. Mother (including step-mother);
 - v. Son (including step-son);
 - vi. Son’s wife;
 - vii. Daughter;
 - viii. Daughter’s husband;

- ix. Brother (including step-brother);
- x. Sister (including step-sister)

4) APPROVAL OF RELATED PARTY TRANSACTIONS

- Every Related Party Transaction entered into with effect from 1st October 2014 shall be subject to approval of the Audit Committee.
- The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or listing agreement and/or transactions referred to it by the Audit Committee.
- Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.
- Further, all Material Related Party Transactions shall require approval of shareholders of the Company through special resolution (unless it is exempted pursuant to the provisions of Listing Agreement) and the Related Parties shall abstain from voting on such resolution(s).
- All Related Party Transactions (other than Material Related Party Transactions) pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through special resolution and the Related Parties shall abstain from voting on such resolution(s).
- The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of listing agreement and/or Companies Act, 2013 and as amended from time to time.

5) AMENDMENTS

- The Board shall 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.

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, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law 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 Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.
