



ALLIED DIGITAL SERVICES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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") and as amended from time to time.

2. OBJECTIVE:

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

3. DEFINITIONS:

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the Provisions of Listing Regulations, as amended from time to time.

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

"Company" means. Allied Digital Services 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 Listing Regulations.

"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 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**” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013;

All other Words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and / or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. **MATERIALITY THRESHOLD:**

A subsidiary shall be considered as **Material Subsidiary** if the income or net worth of that subsidiary exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Unlisted Material Subsidiary means a Material Subsidiary which is incorporated in India or outside India, but it is not listed on any of the recognized Stock Exchanges.

Material Non-Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

A list of such Material subsidiaries and Material Non-Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

5. **REQUIREMENT REGARDING MATERIAL SUBSIDIARY:**

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

- a) dispose of shares in Material Subsidiaries which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%; or
- b) Ceases the exercise of control over such subsidiary; or
- c) Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

except in cases where the divestment/sale/disposal/lease is made pursuant to 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 recognized stock exchanges within one day of the resolution plan being approved.

6. **OTHER REQUIREMENTS:**

- a) One **Independent Director** of the Company shall be a Director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

For the purpose of this requirement, “material subsidiary” shall mean a subsidiary (overseas as well as Indian), whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
- c) The minutes of the Meetings of the Board of Directors of the unlisted subsidiary companies shall be placed at the meeting of the Board of Directors of the Company.
- d) The management of the unlisted subsidiary shall on quarterly basis 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 companies.
- e) The management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
- f) Every unlisted material subsidiary, incorporated in India, shall undertake Secretarial Audit and shall annex a Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified by SEBI, with the annual report of the Company.

7. AMENDMENT:

The Board of Directors can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

8. REVIEW:

The Policy shall be reviewed from time to time. Material Changes to the Policy will need the approval of the Board of Directors. 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.