



ALLIED DIGITAL SERVICES LIMITED

POLICY ON TRANSACTIONS WITH RELATED PARTIES AND MATERIAL SUBSIDIARY(S)

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POLICY ON TRANSACTIONS WITH RELATED PARTIES AND MATERIAL SUBSIDIARY(S)

1) INTRODUCTION

This Policy deals with the review and approval of Related Party Transactions including Material Transactions with related party, keeping in mind the potential or actual conflicts of interest that may arise consequent upon the transaction entered into by the Company and whether the said transactions are consistent with the Company's and its shareholder's interest. This policy also deals with transactions involving Material Subsidiary(ies) of the Company.

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') as amended from time to time, this policy was adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified, as permitted. The Audit Committee shall review significant related party transactions, submitted to them by the Management, approve and / or recommend for Board and / or shareholders' approval thereon.

The Board of Directors of the Company shall review this policy at least once every three years and update the policy, if required, subject to the provisions of the Act and Listing Regulations.

2) OBJECTIVE

The Listing Regulations requires that the Company shall formulate a policy on materiality of related party transactions and also on dealing with transactions pertaining to related parties. This policy also intends to ensure the proper approval and reporting of related party transactions by the Company. The Listing Regulations also requires that the Company shall formulate a policy for determining material subsidiary.

The contents of this Policy are framed to simplify adequate understanding of desired Governance Mechanism in dealing with Related Party Transactions, monitoring and timely reporting to the stakeholders in the prescribed manner.

3) DEFINITIONS

"Act" means Companies Act, 2013, as amended from time to time.

"Arm's length price", pursuant to Income tax Act, 1961, Advance Rulings from tax authorities, judicial pronouncements, and other applicable provisions from time to time, means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions;

"Transaction on Arm's length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Board” means Board of Directors of the Company

“Company” means Allied Digital Services Limited;

“Committee” means Audit Committee of the Company as constituted or re-constituted by the Board from time to time

“Directors” means directors appointed as per Companies Act, 2013

“Independent Director” means a director referred to in Section 149(6) of the Act and the applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

“Key Managerial Personnel” (KMP) means:

Chief Executive Officer and/or Managing Director or the Manager

1. Whole-time Director
2. Chief Financial Officer
3. Company Secretary
4. such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board
5. Such other officer as may be prescribed

“Material subsidiary” means a subsidiary whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Ordinary course of business” would have the meaning as per the relevant guidelines and judicial and other pronouncements, as applicable from time to time.

“Relative” means and includes:

1. Members of HUF where he is Karta or Co-parcener
2. Spouse
3. Father includes step-father
4. Mother includes the step-mother
5. Son includes the step-son
6. Son's wife
7. Daughter

8. Daughter's husband
9. Brother includes the step-brother
10. Sister includes the step-sister

In addition to the above Relatives as defined under Ind AS 24:

“Related Party” includes:

- A director or his/her relative
- A Key Managerial Personnel or his / her relative
- A firm in which a Director or Manager or his / her relative is a partner
- A private company in which Director or Manager or his relative is a member or director
- A public company in which Director or manager is a director and holds alongwith his/her relatives, more than 2% of its paid up share capital
- Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager. Any advise, directions or instructions given in professional capacity shall be excluded.
- Any person on whose advise, directions or instructions a director or manager is accustomed to act. Any advise, directions or instructions given in professional capacity shall be excluded.
- A body corporate that is a holding, subsidiary or associate company of such a company or subsidiary of a holding company of which it is also a subsidiary or an investing company or the venturer of a company. Investing company or the venturer of a company means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate
- A director other than an independent director or key managerial employee of the holding company or his/her relative
- A person or a close member of that person's family is related to a company if that person:
 - Has control or joint control or significant influence over the company; or
 - Is a key management personnel of the company or of a parent of the company; or
- An entity is related to a company if any of the following conditions applies:
 - a. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - b. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or

- c. Both entities are joint ventures of the same third party; or
- d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- e. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
- f. The entity is controlled or jointly controlled by a person identified as above
- g. A person identified who has control or joint control over the company, has significant influence over the entity (or of a parent of the entity); or
- h. Any person or entity forming part of the promoter or promoter group of the listed entity or any person or any entity holding equity shares of 10% or more in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013 at any time during immediately preceding financial year.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“Material Modification to related party transaction” would mean and include any modification to an existing related party transaction having variance of atleast 10% of the existing limit and/or modification that would alter the nature of such contract/transaction/arrangement or result in significant change in rights and obligations of the parties to the transaction, like ‘credit period’, as sanctioned by the Audit Committee/Board/Shareholders, as the case may be.

“Subsequent Material Modifications” shall be any change in the material terms of a related party transaction earlier approved by the audit committee of the company.

"Related Party Transaction" means transaction involving transfer of resources, services or obligations between:

- a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- i. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- ii. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - buy-back of securities
- iii. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).
- iv. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (iii) and (iv) above, acceptance of deposits includes payment of interest thereon.

- v. retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

“Significant transaction or arrangement” means 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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

4) Related Party Transactions

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Only members of the Audit Committee who are Independent Directors shall approve related party transactions. Any member of Audit Committee who has potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. Provided that modifications of transactions covered under Section 177 of Companies Act,

2013, shall also require prior approval of audit committee.

A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the audit committee of the listed subsidiary shall suffice.

Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of the Listing Regulations.

Pursuant to the Listing Regulations, as amended from time to time, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

All material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

The requirement of Audit Committee and Shareholders' approval shall not be applicable for transactions entered into between:

- holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- two wholly owned subsidiaries of the company whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

However, transactions which have been entered into by the Company in its “ordinary course of business” and which are on an “arm’s length” basis are exempted.

Audit Committee and Board of Directors shall review Related Party Transactions which are recurring in nature and are being continued over a period of time.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of the provisions of Regulation 23(1) of the listing regulation;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23(9) of the Listing Regulations;
- v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

The Company shall enter into any transaction or contract or arrangement with a Related Party subject to the following conditions, namely:

1. The agenda of the Audit Committee & Board meeting at which the resolution is proposed to be moved shall disclose the required information as per the Companies Act, 2013 including Rules made thereunder, Listing Regulations and Industry

Standards specified by the Industry Standards Forum.

2. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement. The company shall not enter into a transaction or transactions beyond the limits specified in first proviso to sub-section 188(1) of the Act and relevant rules thereunder except with the prior approval of the shareholders
3. In case of wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company
4. The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the required information as per the Companies Act, 2013 including Rules made thereunder, Listing Regulations and Industry Standards specified by the Industry Standards Forum.
5. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
6. The Audit Committee shall provide omnibus approvals for related party transactions of the Company or its subsidiaries as may be required on a case-to-case basis and in accordance with the provisions of Act and Listing Regulations and considering the following factors.:

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- Repetitiveness of the transactions (in the past or in future);
- Justification for the need for omnibus approval
- Whether the transaction(s) are proposed at arm's length basis.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company. While giving omnibus approval all the minimum items as required to be placed as per Listing Regulations and Companies Act, 2013 shall be placed before audit committee for approval.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1 Crore per transaction.

7. Transaction for which omnibus approval has been taken shall be reviewed at least on quarterly basis by Audit Committee. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

8. The Company shall maintain register in Form MBP-4 or such other Form as may be prescribed, wherein the particulars of:
- a. Company(ies) or bodies corporate, firms or other association of individuals, in which any director has any concern or interest, as mentioned under section 184(1) of the Act. However, the particulars of the company(ies) or bodies corporate in which a director himself together with any other director holds 2% or less of the paid-up share capital would not be required to be entered in the register.
 - b. Contracts or arrangements with a body corporate or firm or other entity as mentioned under Section 184(2) of the Act, in which any director is, directly or indirectly, concerned or interested; and
 - c. Contracts or arrangements with a related party with respect to transactions to which Section 188 of the Act, applies.
9. The entries in the register shall be made at once, whenever there is a cause to make entry, in chronological order and authenticated by the company secretary of the company or by any other person authorised by the Board for the purpose.
10. The register shall be kept at the registered office of the company and the register shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorised by the Board for the purpose.
11. The Company shall provide extracts from such register to a member of the company on his request, within 7 days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the company but not exceeding ten rupees per page.
12. A subsidiary shall be considered as material if the subsidiary's turnover or networth exceeds 10% of the consolidated turnover or networth respectively of the company and its subsidiaries in the immediately preceding accounting year.
13. The Company shall not dispose shares in its material subsidiary which would reduce its shareholding (Either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment 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 recognized stock exchanges within one day of the resolution plan being approved.
14. In order to sell, dispose and lease of assets amounting to more than 20% of the assets of the material subsidiary, the Company shall obtain prior approval of shareholders 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 an event is disclosed to

the recognized stock exchanges within one day of the resolution plan being approved.

5) Subsidiary Company(ies):

1. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of unlisted material subsidiary company, whether incorporated in India or not.
2. For the purposes of this provision, 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.
3. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
4. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company. The management of the unlisted subsidiary shall periodically (atleast annually) bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
5. Furthermore, the Audit Committee as and when it deems fit may provide that a particular transaction be undertaken post prior approval of the Board of Directors of the Company and / or that of the shareholders of the Company procured via Postal Ballot or at a general meeting.

The Audit Committee shall put in place mechanism to implement this policy and is also authorized to delegate any / all of its powers and duties herein to any Director(s) and / or officers of the Company.

6) Disclosure(s)

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and also in the Annual Report. Furthermore all the related party transactions shall be disclosed in the Annual Report of the Company as per relevant IndAS as amended from time to time.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time and publish the same on its website. The Company shall make such disclosures every six months within such time as may be prescribed from the date of publication of its standalone and consolidated financial results.

7) Amendments to the Policy

The Board of Directors on its own and/or as per the recommendations of Audit Committee 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, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail over 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) Limitations of Policy

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

Date: May 30, 2025
Place: Mumbai

Sd/-
Nehal Shah
Whole-Time Director