

ADITYA INFOTECH LIMITED

POLICY ON DETERMINING 'MATERIAL SUBSIDIARY'

Version 1.0

Policy Version	Date of Board approval	Effective Date
Version 1.0	December 17, 2025	December 17, 2025

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POLICY ON DETERMINING 'MATERIAL SUBSIDIARY'

PREAMBLE AND OBJECTIVE

Aditya Infotech Limited (hereinafter referred as "Company") has adopted the Policy on Determining 'Material Subsidiary' on [•] in accordance with the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The primary purpose of this Policy is to lay down the criteria for identification of Material Subsidiary(ies) (as defined below) and disclosure and governance thereof as required under the SEBI Listing Regulations.

EFFECTIVE DATE

The Policy shall come into force with effect from the date the SEBI Listing Regulations is effective with respect to the Company.

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

- **"Act"** shall mean the Companies Act, 2013 as amended from time to time and the Rules framed thereunder.
- **"Audit Committee"** means "Audit Committee" constituted by the Board of Directors of the Company in accordance with section 177 of the Act and read with Regulation 18 of the SEBI Listing Regulations.
- **"Board of Directors"** or "Board" means the Board of Directors of the Company, as constituted from time to time.
- **"Holding company"**, means a holding company as defined under Section 2(46) of the Act.
- **"Independent Director"** means an independent director as defined under the Act and the SEBI Listing Regulations from time to time.
- **"Insolvency Code"**, means Insolvency and Bankruptcy Code, 2016, as amended from time to time;
- **"Policy"** means Policy for determining Material Subsidiary(ies).
- **"Material Subsidiary"** means a material subsidiary of the Company as under Regulation 16(1)(c) of the SEBI Listing Regulations, or as may be amended from time to time.
- **"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 material unlisted subsidiary for the immediately preceding accounting year, and shall be in accordance with any meaning as may be provided for "significant transaction or arrangement" under Regulation 24(4) of the SEBI Listing Regulations, from time to time.

- **“Subsidiary”** means a subsidiary company as defined under Section 2(87) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation, as amended from time to time.

CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES:

A Subsidiary of the Company shall be regarded as Material Subsidiary if it falls under the criteria of the definition provided above.

The Audit Committee shall review such details / information as may be required to determine the ‘Material Subsidiary(ies)’ from time to time.

GUIDING PRINCIPLES

Material Subsidiary of the Company would be identified, if any, as a one-time exercise annually and such exercise may be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification may be conducted soon after preparation of annual accounts and the outcome may be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

GOVERNANCE OF MATERIAL SUBSIDIARIES

a) Appointment of Independent Director

At least one Independent Director on the Board of the Company shall be appointed as a director on the board of unlisted Material Subsidiary(ies), whether incorporated in India or not.

Notwithstanding anything contrary contained in this Policy, for the purpose of this Policy, the term “Material Subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

b) Matter to be reviewed by the Audit Committee

The Audit Committee shall, in line, review:

- the financial statements, in particular, the investments made by the Unlisted Subsidiary.
- Utilization of loans and/ or advances from/investment in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments.

c) Matter to be reviewed by the Board

The minutes of the meetings of the board of directors of the Unlisted Subsidiary shall be placed at the meeting of the Board of Directors of the Company for their review and consideration.

The management of the Unlisted Subsidiary(ies) shall periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary(ies).

d) Disposal of shares or Assets of Material Subsidiary

The Company shall not dispose of shares in its Material Subsidiary(ies) which would reduce the shareholding of the Company (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over such Material Subsidiary(ies) 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.

The Company shall not sell, dispose and lease of assets amounting to more than 20% of the assets of the Material Subsidiary(ies) on an aggregate basis during a financial year without 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 or if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

e) Secretarial Audit

The Unlisted Material Subsidiary(ies) incorporated in India shall undertake secretarial audit and the Company shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

f) Disclosure under Regulation 30 of SEBI Regulations

The Company shall disclose all events or information with respect to its Subsidiary(ies) which are material for the Company, in accordance with Regulation 30(9) of the SEBI Listing Regulations.

DISCLOSURE

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the SEBI Listing Regulations. This Policy shall be disclosed on the Company's website and a weblink thereto shall be provided in the annual report.

Further, details of Material Subsidiary(ies) of the Company, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such Subsidiary(ies) shall also be disclosed in the annual report.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Act or SEBI Listing Regulations or any other statutory enactments, modification or rules, the provisions of SEBI Listing Regulations /

Act or statutory modification, enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

POLICY REVIEW

The Board may, from time to time make amendments to the policy as necessary to ensure compliance with the applicable laws and, listed regulations.