



ADOR FONTECH LIMITED

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POLICY FOR DETERMINING MATERIAL SUBSIDIARY

[Pursuant to the provisions of Clause 49 of the Listing Agreement]

1. Purpose

The policy is framed by the Company pursuant to clause 49 (V)(D) of the Listing Agreement to ensure compliance.

2. Definitions

- 2.1. The Act means the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof.
- 2.2. Subsidiary Company” is as defined under Section 2(87) of the Act.
- 2.3. Holding Company is as defined under Section 2(46) of the Act.
- 2.4. ADFL means ADOR FONTECH Limited.
- 2.5. 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 20% of the consolidated income or net worth respectively, of ADFL and its subsidiaries in the immediately preceding accounting year – As given in explanation (i) to Clause 49(V).
- 2.6. 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 immediately preceding accounting year- As given in explanation (ii) to clause 49 (V).

3. Basis Of Determining “Material Subsidiary”

The basis of determining “Material Subsidiary” will be as specified in relevant sub-clause (s) of Clause 49 of the Equity Listing Agreement, executed with the Stock Exchanges.

A Subsidiary shall be considered as material in the following cases:

- Investment of ADFL in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited Balance Sheet of the previous financial year, or b) if the Subsidiary has generated 20% of the consolidated income of ADFL during the previous financial year.

4. IMPLEMENTATION AND APPROVAL PROCESS

- 4.1 At least one Independent Director of ADFL(the Holding Company) will be appointed as a director on the Board of Directors of a “material non – listed Indian subsidiary Company”, as and when applicable – as per clause 49 (V) (A).
- 4.2 ADFL will not dispose of shares in its “material subsidiary” which would reduce ADFL’s shareholding (either on its own or together with other subsidiaries) to less than 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) – as per Clause 49(V)(F) of the Listing Agreement
- 4.3 Prior approval of the Shareholders of ADFL by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than 20% of the “material subsidiary” on an aggregate basis during the financial year (exception being if the sale / disposal / lease is made under a Scheme of Arrangement duly approved by a Court/ Tribunal) – as per clause 49 (V) (G).
- 4.4 In the event, subsidiary of ADFL becomes a listed subsidiary, which itself is a holding company, then this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.
- 4.5 The management of ADFL should periodically bring to the attention of the Board of Directors of ADFL, a statement of all significant transactions and arrangements entered into by a “material unlisted subsidiary company”, if any.

5. REVIEW AND CHANGES TO THIS POLICY

- 5.1 The Audit Committee will review this Policy as often as it considers necessary;
- 5.2 The Board may change this Policy from time to time by resolution.