

## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Twenty Seventh Annual Report on the business and operations along with the Audited Standalone and Consolidated Financial Statements for the year ended March 31, 2021.

### 1. FINANCIAL PERFORMANCE:

The standalone and consolidated financial statements for the financial year ended March 31, 2021, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Key highlights of financial performance of your Company for the financial year 2020-21 compared with the previous financial year:

(₹ in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2020-21	2019-20	2020-21	2019-20
Total Operating Income	9,619	9,379	35,808	33,014
Other Income	406	599	406	558
<b>Total Income</b>	<b>10,024</b>	<b>9,978</b>	<b>36,213</b>	<b>33,572</b>
Less: Operating Expenditure	7,626	7,159	31,341	28,249
<b>Profit before Interest, Depreciation, Amortization, Tax &amp; Exceptional Item</b>	<b>2,399</b>	<b>2,819</b>	<b>4,872</b>	<b>5,324</b>
Less: Finance Cost	347	619	369	699
Less: Depreciation	1,267	1,370	2,154	2,221
<b>Profit before Tax and Exceptional Item</b>	<b>784</b>	<b>831</b>	<b>2,349</b>	<b>2,404</b>
Exceptional Item	-	-	-	-
<b>Profit before Tax</b>	<b>784</b>	<b>831</b>	<b>2,349</b>	<b>2,404</b>
Less: Provision for Taxation	18	-	439	441
Less: Deferred Tax Liability	(11)	41	(11)	41
<b>Net Profit after tax</b>	<b>777</b>	<b>789</b>	<b>1,922</b>	<b>1,922</b>
Other Comprehensive Income	(76)	(25)	(92)	50
Shares of Profit/(Loss) of Associates & Joint Ventures	-	-	2	2
<b>Total Comprehensive Income (after tax)</b>	<b>701</b>	<b>765</b>	<b>1,832</b>	<b>1,975</b>
<b>Attributable to Owners of the Company</b>	<b>701</b>	<b>765</b>	<b>1,604</b>	<b>1,669</b>
<b>Attributable to Non-Controlling Interest</b>	<b>-</b>	<b>-</b>	<b>228</b>	<b>306</b>
Paid-up equity share capital (Face Value of ₹ 5/-)	2,535	2,510	2,535	2,510
Reserves excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year	45,303	44,618	44,527	43,128
<b>Earning Per Share</b>				
Basic	1.55	1.57	3.82	3.83
Diluted	1.45	1.57	3.58	3.83

### 2. RESULT OF OPERATING PERFORMANCE, ONGOING PROJECTS & STATE OF AFFAIRS:

To help the business remains competitive, profitable and successful, we have setup certain key objectives and respective key performance indicators need to be defined, driven and continuously monitored. The objectives consist of high customer satisfaction, increase in market share, low employee attrition and optimized employee productivity.

There was no change in the nature of business of the Company, during the year under review.

Our company has taken huge strides in driving these objectives in multiple aspects.

- Setting up a center of excellence in service delivery to ensure-
  - o Customer visibility and transparency in the services delivered thus strengthening trust and improved customer satisfaction

- o Driving automation to save operational labor costs on mundane tasks (shift left initiative) and perform analytics of operational customer data
- o Cross functional and new technologies training to employees to make sure they are ready for new service offerings resulting to new customer acquisitions
- o Standardization of operational processes and consistent measurement of service performance matching to industry benchmarks thus optimizing employee productivity and controlling impact of attrition.
- Employee satisfaction improvement measures-
  - o In the covid times, there has been an extra effort from our HR to manage employee health without customer service disruption.
  - o Augment benefits and timely merit appraisal to keep employees focus and excited.
  - o Provision internal succession planning as well as hire new fresh talents.
  - o Improve employee morale in this pandemic.
- Improved branding, company undertakes various initiatives such as social media communication, customer communication, new marketing initiatives and deeper partnership engagements.

**a) Standalone Financial Statements:**

During the year under review, despite the continuing covid impact, your company could achieve a revenue growth of 3% and also maintained almost the same level of PAT margin.

**b) Consolidated Financial Statements:**

During the year under review, the overall consolidated revenue grew by 8.5%, however, PAT was achieved at the same level in the previous year mainly due to higher operating costs on account of increased customer retention overheads.

**c) Ongoing Projects & State of Affairs:**

The Ongoing Projects & State of Affairs of the Company is presented as a part of Management Discussion and Analysis Report (MDAR) which forms part of the Annual Report.

Further information regarding the potential impact of COVID-19 and various steps taken by your Company are provided as part of the MDAR.

**d) Revision of Financial Statement:**

There was no revision of the financial statements pertaining to previous financial year(s) during the year under review.

**e) Investor Education and Protection Fund**

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 178,859.75 of unpaid/unclaimed dividends is yet to be transferred to the Investor Education and Protection Fund. The Company is in the process of doing the needful.

**3. REPORT ON HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY:**

**a. The Company has Seven (7) Foreign Subsidiaries, two (2) Indian Subsidiaries and five (5) Associate Companies. The Company does not have any joint venture company.**

Following are the details of Subsidiary and Associate Companies:

Sr. No.	Name of Company	Subsidiary/ Associate Company	Date of becoming of Subsidiary/Associate Company.
1.	Allied Digital Services, LLC (USA)	Subsidiary	July 02, 2008
2.	Allied Digital INC (USA)	Subsidiary	October 31, 2007
3.	Allied Digital Singapore Pte Limited	Subsidiary	October 12, 2010
4.	Allied Digital Asia Pacific Pty Limited (Australia)	Subsidiary	September 16, 2010
5.	Allied Digital Services (UK) Ltd.	Subsidiary	October 11, 2011
6.	Allied Digital Services Oy.	Subsidiary	June 08, 2018

Sr. No.	Name of Company	Subsidiary/ Associate Company	Date of becoming of Subsidiary/Associate Company.
7.	Allied Digital Services (Ireland) Limited	Subsidiary	November 04, 2019
8.	En Pointe Technologies India Private Limited	Subsidiary	December 29, 2006
9.	Allied-eCop Surveillance Private Limited	Subsidiary	August 06, 2007
10.	Assetlite Equipment India Private Limited	Associate	September 26, 2009
11.	Soft Shell System (I) Private Limited	Associate	August 07, 2015
12.	Allied CNT Solutions Private Limited	Associate	July 06, 2004
13.	Allied Digital Incube Private Limited	Associate	August 14, 2019
14.	Allied Digital Coworks Private Limited	Associate	August 20, 2019

There was no material change in the nature of the business of Subsidiaries or Associate Companies, during the year under review.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (the 'Act'), the statement containing the salient features of the financial statement of Subsidiaries and Associates Companies in the prescribed Form AOC-1 is appended as "**Annexure I**" to the Director's Report.

#### b. Material Subsidiaries:

Allied Digital Services LLC, USA is a Material Subsidiary whose income in the immediately preceding accounting year exceeds ten percent of the consolidated income of the Company and its Subsidiaries.

The Policy for determining Material Subsidiaries as approved by the Board of Directors may be accessed on the Company's website at the below link:

[https://www.allieddigital.net/in/downloads/Inv\\_Policies/Policy\\_on\\_Determination\\_of\\_MaterialSubsidiaries.pdf](https://www.allieddigital.net/in/downloads/Inv_Policies/Policy_on_Determination_of_MaterialSubsidiaries.pdf)

During the year under review, the Board of Directors reviewed the affairs of the said subsidiaries from time to time and there has been no material change in the nature of its business.

#### 4. RECENT DEVELOPMENTS:

Our company has been very instrumental in building new strategies for the company positioning and growth. The actionable being,

- Continuous Introspection of our business environment
- Driving Design thinking methodology in new idea generations
- Improving partner engagements and customer service governance
- Investing in our intellectual property ADiTaaS and related solutions
- Streamlining our offerings into current trending market demands. Namely,

Digital workspace transformation, Proactive enterprise infrastructure management, Cloud migration and engineering, Advanced CyberSecurity Solutions, Digital Transformation and Analytics and Next generation smart city projects.

This has resulted in major business growth as well as ensuring repeat customer business.

The Company has developed advanced solutions for Covid-19 pandemic, such as bringing intelligent alerts of crowd gathering during the pandemic, automated centralized public announcements in streets, Drone based surveillance. During the year, your company has continued to sharpen IoT and computer vision-based technology skillsets, to enhance smart city solutions and innovative thermal scanning solutions.

#### 5. DIVIDEND:

The Board is pleased to recommend for your consideration, a dividend of ₹ 0.75 (Seventy Five Paise only) per Equity Share of face value ₹ 5/- for the financial year 2020-21. The aforesaid dividend will involve a total payout of ₹ 380.29 Lakhs and is subject to the approval of Members at the ensuing General Meeting of your Company. The proposed dividend payout is in accordance with the Company's Dividend Policy.

#### 6. TRANSFER TO RESERVES:

The Company has not recommended transfer of any amount out of the profit to reserves during the year under review. Hence, the entire amount of profit for the year under review has been carried forward to the Profit and Loss Surplus account.

**7. DEPOSITS:**

The Company has not accepted or renewed any amount falling within the purview of provisions of section 73 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 from public during the year under review. However, as on the Balance Sheet date i.e. March 31, 2021, there were unclaimed fixed deposits amounting to ₹ 5.91 Lakhs lying with the Company.

The details relating to deposits, covered as per the Chapter V of the Act,, are as under:

(₹ in Lakhs)

Particulars	March 31,2021	March 31,2020
Deposits accepted during the year	---	---
Deposits unclaimed at the end of the year	5.91	5.91
Default in repayment of deposits or payment of interest thereon	---	---

During the year under review, the Company has not defaulted in repayment of deposits or payment of interest.

**8. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:**

Except as disclosed elsewhere in the report, there were no material changes and commitments, occurred during the period between the end of the financial year to which the financial statements relate and date of said report, which could affect the financial position of the Company.

**9. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES:**

In line with the requirements of the Act, and amendment to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has formulated a Policy on Related Party Transactions which is also available on the Company's website at:

[https://www.allieddigital.net/in/downloads/Inv\\_Policies/Related\\_Party\\_Transaction\\_Policy.pdf](https://www.allieddigital.net/in/downloads/Inv_Policies/Related_Party_Transaction_Policy.pdf).

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are reviewed and approved by the Audit Committee and Board, on quarterly basis. Omnibus approval is also obtained from the Audit Committee and the Board of Directors for Related Party Transactions which are of foreseeable and of a repetitive nature.

All Related Party Transactions entered during the financial year under review were in Ordinary Course of the Business and at Arm's Length basis. None of the transactions entered into with the related parties, whether singly or taken together with the transaction entered into with the related party during the year, was materially significant related party transaction except those disclosed in the financial statements.

There were no transactions/contracts/arrangements with related party(ies), which are required to be reported in Form AOC-2.

Pursuant to Regulation 23(9) of the Listing Regulations, the Company has filed the reports on related party transactions with the Stock Exchanges i.e. BSE Ltd. & National Stock Exchange of India Ltd. and the same is also published on the website of the company.

**10. PARTICULARS OF LOANS, ADVANCES, GUARANTEES OR INVESTMENTS:**

Disclosure on particulars of loans, advances, guarantees given and investments made pursuant to the provisions of Section 186 of Act, and Schedule V of the Listing Regulations are provided as part of the Financial Statements of the Company. Please refer to Note No.30(4) of the standalone Financial Statements.

**11. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL**

a) Change in Board of Directors & Key Managerial Personnel:

The Board of the Company is duly constituted in accordance with the requirements of the Act, and the Listing Regulations.

Pursuant to the provisions of Section 152 of the Act, Mr. Nehal Nitin Shah, (DIN: 02766841) Director, being the longest in the office, shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

Prof. Venugopal Iyengar (02591297), Independent Director of the Company ceased to be Director of the Company with effect from April 29, 2020 due to his sudden demise. The Board appreciates his valuable contribution to the Company during his tenure and express its deep sympathy, sorrow and condolences to his family.

Mr. Milind Madhav Kamat (DIN: 01772084) was appointed as an Additional Director (designated as Independent Director) in the Board Meeting with effect from June 11, 2020 and later his appointment as an Independent Director was approved by

shareholders of the Company in the 26<sup>th</sup> Annual General Meeting held on September 03, 2020.

In accordance with the provisions of the Act, none of the Independent Directors are liable to retire by rotation.

- b) Statement regarding opinion of the board with regard to integrity, expertise and experience (including the proficiency) of the independent director appointed during the year:

As per Rule 8 of Companies (Accounts) Amendment Rules, 2019 in opinion of Board of Directors, Mr. Milind Madhav Kamat (DIN:01772084) who had been appointed as an Independent Director is a person of Integrity and possesses relevant expertise and experience.

- c) Declaration given by the independent directors and senior management personnel on compliance code of conduct:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the prescribed criteria for Independence under the Section 149(7) of the Act, and Regulation 16(1)(b) and 25(8) of the Listing Regulations and has also confirmed that they have registered themselves with the Independent Director's Database maintained by the IICA.

All Independent Directors have affirmed compliance to the code of conduct for Independent Directors as prescribed in Schedule IV to the Act,.

Also Senior Management Personnel including Executive Directors and Non Executive Directors have submitted disclosures under Regulation 26(3) of the Listing Regulations affirming compliance with the Code of Conduct for Directors and Senior Management Personnel.

- d) KEY MANAGERIAL PERSONNEL (KMP):

In terms of Section 203 of the Act, the following are Key Managerial Personnel of the Company:

Mr. Nitin Dhanji Shah	: Managing Director
Mr. Prakash Dhanji Shah	: Whole-time Director
Mr. Paresh Bipinchandra Shah	: Chief Executive Officer
Mr. Gopal Tiwari	: Chief Financial Officer
Ms. Neha Sunil Bagla	: Company Secretary

## 12. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:

- a. Board Meetings:

Seven (7) meetings of the board of directors were held during the year under review. The meetings were held on June 11, 2020, July 30, 2020, August 04, 2020, September 16, 2020, , November 06, 2020, February 02, 2021 and March 01, 2021. Brief details of the said Meetings are provided in the Corporate Governance Report, which is a part of this Annual Report.

In terms of requirements of Schedule IV of the Act, a separate meeting of Independent Directors was also held on November 06, 2020 to review the performance of Non-Independent Directors (including the Chairperson), the entire Board and its Committees thereof, quality, quantity and timelines of the flow of information between the Management and the Board.

The Company complies with all applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under the Act,.

- b. Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as at March 31, 2021 and of the profit of the Company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts of the Company have been prepared on a going concern basis;
- laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

c. Committees of Board:

The Board has constituted the Committee(s) as mandated under the provisions of the Act, and Listing Regulations. There are currently five (5) Committees of the Board namely:

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders Relationship Committee;
- Corporate Social Responsibility Committee; and
- Management Committee.

Details of Committees along with their charter, composition and attendance of Directors at Meetings of the Committees are provided in the Corporate Governance report.

I. Audit Committee:

The Audit Committee has been constituted by the Board, in accordance with the provisions of Section 177 of the Act, read with Regulation 18 of Listing Regulations. During the year under review, the Board had accepted all the recommendations of the Audit Committee.

II. Nomination and Remuneration Committee:

Pursuant to the provisions of Section 178 of the Act, read with Regulation 19 of Listing Regulations, the Board has constituted the Nomination and Remuneration Committee, which inter-alia recommends to the Board the criteria for appointment of Director(s) along with the compensation, terms of executive directors and senior managerial personnel's.

The Board has approved the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and all other Employees of the Company. The said policy is hosted on the website of the company. The web link of the same is as follows:

[https://www.allieddigital.net/in/downloads/Inv\\_Policies/Nomination\\_Remuneration\\_policy.pdf](https://www.allieddigital.net/in/downloads/Inv_Policies/Nomination_Remuneration_policy.pdf)

III. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee is duly constituted in accordance with the provisions Section 178 of the Act, read with Regulation 20 of Listing Regulations. The primary objective of the Stakeholders Relationship Committee of the Company is to consider and resolve the grievances of security holders/members of the Company.

IV. Corporate Social Responsibility ("CSR Committee"):

The CSR Committee is duly constituted as per provisions of Section 135 of the Act, consisting of three (3) Directors of which two (2) Directors are Non – Executive Independent Directors and one (1) Executive Director and the Chairperson is an Independent Director. The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The detailed report on CSR activities is attached as "**Annexure II**" to this report.

The key philosophy of the Company's CSR initiative is to promote development through social and economic transformation. The CSR Policy of the Company can be accessed on the company's website in the link provided herein below:

[https://www.allieddigital.net/in/downloads/Inv\\_Policies/CSR%20Policy.pdf](https://www.allieddigital.net/in/downloads/Inv_Policies/CSR%20Policy.pdf)

V. Management Committee:

The Management Committee is entrusted with the operational and administrative power and operate as per the authority given by the Board of Directors from time to time. The Committee comprises of three (3) members i.e. Mr. Nitin Shah, Chairman and Managing Director, Mr. Prakash Shah, Whole-time Director and Mr. Paresh Shah, Chief Executive Officer of the Company.

**13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars as prescribed under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, are as follows:

**A. CONSERVATION OF ENERGY**

(i) Steps taken or impact on conservation of energy:

The company has always considered energy and natural resource conservation as a focus area. Though the operations of the company are not energy intensive, it strongly believes that it is the need of the hour to do best efforts to conserve energy and natural resources like water.

The company continues to take sustainable steps voluntarily to contribute towards better environment.

Selected few steps/impact are listed below:

- Use of natural lightning and natural ventilation;
- Use of energy efficient electric equipment such as use of LED bulbs;
- Conservation of water, ensuring no leakages in taps;
- Encourage use of environment-friendly reusable water bottles;
- Car-pooling during meetings and encourage use of public transport;
- Discouraging use of non-disposable plastic bags, plates etc.;
- Switching off work stations and laptops;
- Controlling the air-conditioning equipment optimally in the premises;
- Educating employees and workers for energy conservation.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

The Company is using electricity as main source of its energy requirement and does not have any alternate source of energy. However, the company is keen in promoting green solution to the customers, such as solar power devices where possible.

(iii) Capital investment on energy conservation equipment's:

There was no such investment in energy saving equipment apart from promoting replacement of CFL to LED bulbs where applicable.

**B. TECHNOLOGY ABSORPTION**

i. The efforts made towards technology absorption:

The Company has innovation as part of its motto. It is always thrive to be a pioneer for adoption new technologies, which either be useful for generating new business for its customers or for its self-use. It evaluates the best available technology for improving its performance and quality of its service operations.

ii. The benefits derived like product improvement, cost reduction, product development or import substitution:

The Company has adopted new technology to strengthen its infrastructure in the US, which is leveraged by many customers that has helped giving top quality uninterrupted services. It has adopted new technologies to apply to solve challenges faced by customers.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The Company has not imported technology during the three preceding years under review.

iv. Expenditure incurred on Research and Development:

The Company has been continuously working on innovative projects, which are either part of :

- New features of their ADiTaaS product;
- Doing proof-of-concepts on new technologies;
- Investing in new technology training/learning.

**14. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of the Foreign Exchange Earned and Outflow during the year are as follows:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Earnings	3,722	3,595
Outflow (including Capital imports)	286	225
Net Foreign Exchange Earnings (NFE)	3,436	3,370
<b>NFE/Earnings (%)</b>	<b>92</b>	<b>94</b>

## 15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

In terms of Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report, capturing the Company's performance, industry trends and other material changes with respect to the company and its subsidiaries, wherever applicable, are presented in a separate section forming a part of this Annual Report.

## 16. CORPORATE GOVERNANCE:

The Company believes in adopting best practices of Corporate Governance. These guiding principles are also articulated through the company's code of business conduct, Corporate Governance Guidelines, as per Schedule V of Listing Regulations, the Auditors' certificate on Corporate Governance is annexed to the Director's Report. The requisite certificate from the Practising Company Secretary, confirming compliance of the conditions of Corporate Governance is attached to the Report on Corporate Governance.

## 17. ANNUAL RETURN:

Pursuant to section 92(3) and section 134(3)(a) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Financial Year 2020-2021, is on the website of the company i.e. [www.allieddigital.net](http://www.allieddigital.net). Also an extract of the Annual Return as on March 31, 2021 is in Form MGT-9 which is annexed as "Annexure III" to this report.

## 18. ANNUAL EVALUATION:

The evaluation framework for assessing the performance of directors of the company comprises of contributions at the meetings, strategic perspective or inputs regarding the growth and performance of the company, among others.

Pursuant to the provisions of the Act, and the Listing Regulations, the Directors have carried out the Annual Performance Evaluation of the Board, Independent Directors, Non-Executive Directors, Executive Directors, Committees and the Chairman of the Board.

The Nomination and Remuneration Committee considered and discussed the inputs received from the Directors and the outcome of such evaluation process was satisfactory, which reflected the overall engagement of the Board and its Committees with the Company.

Further, the Independent Directors at their meeting held on November 06, 2020, reviewed the performance of the Board, Chairman of the Board, Executive and Non- Executive Directors.

## 19. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

In compliance with the requirements of Listing Regulations, the company has placed a Familiarization Programme for Independent Directors to familiarize them with the working of the company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the company operates, business model etc. on the website of the company. The link for accessing the said program is: [https://www.allieddigital.net/in/downloads/Inv\\_Policies/Familiarisation\\_Programme\\_Independent\\_Directors.pdf](https://www.allieddigital.net/in/downloads/Inv_Policies/Familiarisation_Programme_Independent_Directors.pdf)

## 20. THE VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the company to report genuine concerns and to ensure strict compliances with ethical and legal standards across the company. The provisions of this Policy are in line with the provisions of the section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014.

The employees of the Company have the right to report their concern or grievance to the Chairman of the Audit Committee. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy is hosted on the website of the Company at:

[https://www.allieddigital.net/in/downloads/Inv\\_Policies/Whistle\\_blower\\_and\\_vigil\\_mechanism.pdf](https://www.allieddigital.net/in/downloads/Inv_Policies/Whistle_blower_and_vigil_mechanism.pdf).

There were no such reports, information received by the Chairman of the Audit Committee during the year under review.

## 21. AUDITORS AND REPORTS:

The matters related to Auditors and their Reports are as under:

### a. Statutory Auditors

At the Twenty Fifth Annual General Meeting held on September 10, 2019, M/s. Shah & Taparia, Chartered Accountant, Mumbai (Firm Registration No. 109463W) was appointed as Statutory Auditors of the Company for second term of five years i.e. for the period from conclusion of Twenty Fifth Annual General Meeting until conclusion of Thirtieth Annual General Meeting of the Company.

The Auditor's Report to the Shareholders on Standalone and Consolidated Financial Statements for the financial year ended March 31, 2021 does not contain any qualification or observation. The notes to accounts referred to in Auditors' Report are self-explanatory, and therefore, do not call for any further explanation or comments from the Board.



b. Secretarial Auditors

The Board has appointed M/s. Rathi & Associates, Company Secretaries as Secretarial Auditors for the financial year 2020-21. Accordingly, the Secretarial Audit Report was issued by them in Form MR-3 which forms part of this report and is marked as **“Annexure IV”**.

The Secretarial Audit Report for the financial year ended March 31, 2021, contained observation regarding non-compliance with Regulation 24(1) of the Listing Regulations, 2015 read with explanation of “material subsidiary” as provided thereunder, with respect to appointment of at least one Independent Director of the Company on the Board of Directors of unlisted material subsidiary namely Allied Digital Services, LLC, USA.

As regards the observation made in the Secretarial Audit Report for financial year ended 31st March 2021 in the matter of statutory requirement under Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to appointment of at least one Independent Director on the Board of Directors of material wholly owned subsidiary company namely Allied Digital Services LLC, it may be noted that the Company is in the process of complying with the same.

c. Internal Auditor

M/s. Satya Prakash Natani & Co., Chartered Accountant (Firm Registration No. 115438W), Internal Auditor of the Company have carried out Internal Audit for the financial year ended March 31, 2021. The findings of the Internal Auditor are discussed on quarterly basis at the meetings of the Audit Committee and accordingly necessary steps have been taken to implement the suggestions/recommendations of the said Internal Auditors.

d. Compliance with Secretarial Standards

The Company complies with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

**22. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY:**

The Company has adequate Internal Financial Controls System over financial reporting which ensures that all transactions are authorized, recorded, and reported correctly in a timely manner. The Company's Internal Financial Control over financial reporting is designed to provide reliable financial information and to comply with applicable accounting standards.

**23. DISCLOSURE OF REMUNERATION PAID TO DIRECTOR AND KEY MANAGERIAL PERSONNEL AND EMPLOYEES:**

Information required pursuant to section 197 (12) of the Act, read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as **“Annexure V”** to this report.

There is no receipt of any remuneration or commission by the Managing Director or the Whole-time Director of the company from any of its subsidiary companies.

**24. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The company is committed to providing a safe and conducive work environment to all of its employees and associates. Accordingly, the company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the year ended March 31, 2021, no complaints have been received pertaining to sexual harassment of women at workplace.

**25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

During the year under review, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

**26. RISK MANAGEMENT:**

The Company's robust risk management framework identifies and evaluates all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, legal, regulatory, reputational and other risks. The Company recognizes that these risks need to be managed and mitigated to protect its shareholders and other stakeholders, to achieve its business objectives and enable sustainable growth. The risk framework is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions. Risk management is integral part of our critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risks and future action plans.

The Company believes that the overall exposure of present and future risks remains within its risk capacity.

**27. FRAUD REPORTING:**

During the year under review, there were no material or serious instance of fraud falling within the purview of Section 143 (12) of the Act and rules made thereunder, by any officer or employee reported by the Statutory Auditors of the Company during the course of audit conducted.

**28. EMPLOYEE STOCK OPTION PLAN:**

The members at the 26<sup>th</sup> Annual General Meeting held on September 03, 2020 approved 'ADSL - Employees Stock Option Plan 2020'. The Company has also received In-principle approval from BSE Limited and National Stock Exchange of India Limited on February 09, 2021 and February 12, 2021 respectively.

The above Scheme is in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"). The Company has obtained certificates from the Auditors of the company stating that the scheme has been implemented in accordance with the SEBI SBEB Regulations and the resolutions passed by the members. The certificates are available for inspection by members in electronic mode.

During the year under review, no options have been granted under the ADSL – Employees Stock Option Plan 2020.

**29. PREFERENTIAL ALLOTMENT**

The Company has allotted 40 lakhs Convertible Equity Warrants on Preferential basis to Mr. Nitin Dhanji Shah, (Promoter), Chairman and Managing Director of the Company at the price of ₹18.80 per warrant, (Face Value – ₹ 5 per share, Premium – ₹ 13.80 per share).

The Company received upfront payment of 25% of the warrants allotted at the time of subscription, from the said allottee. As per terms of issue of warrants, the warrant holder shall deposit the balance 75% for conversion of warrants into equity shares while exercising right to subscribe.

On March 01, 2021, post receiving of the balance 75% payment, partial conversion of 5 lakhs warrants were made to the said allottee. Details of allotment is as under :

Name of the Allottee, Category	No. of share warrants Converted	No. of fully paid up Equity shares allotted, Price per share	Shareholding post Conversion	
			Pre	Post
Mr. Nitin Dhanji Shah (Promoter)	5,00,000	5,00,000 shares Price – ₹ 18.80 per share (including premium of ₹ 13.80 per share)	14783031	15283031

The Company has also received the trading approval from BSE Limited and National Stock Exchange of India Limited on April 28, 2021 for the said shares allotted. The proceeds of the Preferential Allotment are utilized by the Company for object stated in the explanatory statement to the Notice of 26<sup>th</sup> Annual General Meeting of the Company.

**30. GENERAL:**

The Directors states that, no disclosure or reporting is required in respect of the following items as there were no transactions pertaining to the same during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise;
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
3. Neither the Managing Director nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries.

**31. ACKNOWLEDGEMENT:**

The Board wishes to place on record its sincere gratitude and appreciation of the contributions made by the employees of your Company and its subsidiaries for their hard work, solidarity, cooperation and dedication during the year. The Directors of your Company thank the customers, clients, vendors and other business associates for their continued support in the Company's growth.

The Directors express their deep sense of gratitude to the Government Authorities, Financial Institutions, Stakeholders, Business Associates for their support and look forward to their continued association in future.

For and on behalf of the Board of Directors of  
**Allied Digital Services Limited**

**Nitin Shah**  
Chairman & Managing Director  
DIN: 00189903

**Prakash Shah**  
Whole-time Director  
DIN: 00189842

Place: Mumbai  
Date: July 30, 2021