SAHAJ DIGITAL LIMITED

(Formerly known as Jolly Plastic Industries Limited)

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

A. BACKGROUND

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "LODR Regulations") defines a "material subsidiary", and the Explanation to that regulation requires every listed entity to formulate a policy for determining a material subsidiary.

Accordingly, the Board of Directors of Sahaj Digital Limited (the "Company") has approved this Policy for Determining Material Subsidiary (the "Policy").

This Policy is to be read with Regulation 24 and Regulation 24A of the LODR Regulations and with the applicable provisions of the Companies Act, 2013 (the "Act"). Any amendment to the LODR Regulations or the Act shall apply to this Policy automatically, and in the event of any inconsistency the provisions of the applicable law shall prevail.

B. OBJECTIVE

This Policy is framed and adopted to determine the material subsidiary or subsidiaries of the Company and to provide the governance framework applicable to such subsidiaries.

C. DEFINITIONS

In this Policy, unless the context otherwise requires:

"Audit Committee" means the committee constituted by the Board of Directors of the Company from time to time in accordance with Section 177 of the Act and Regulation 18 of the LODR Regulations.

"Independent Director" means an independent director of the Company who satisfies the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the LODR Regulations.

"Material Subsidiary" means a subsidiary whose turnover or net worth exceeds ten per cent. of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

"Significant Transaction or Arrangement" means any individual transaction or arrangement that exceeds or is likely to exceed ten per cent. 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" shall have the meaning assigned to it under the Act and the rules made thereunder.

"Unlisted Subsidiary" means a subsidiary whose securities are not listed on any recognised stock exchange.

All terms used in this Policy but not defined above shall have the meanings ascribed to them in the Act or the LODR Regulations, as the case may be.

Materiality shall be determined on the basis of the audited financial statements for the immediately preceding accounting year, and shall be reviewed annually. Where the net worth of a subsidiary or of the group is negative, the comparison shall be made on the basis of absolute values.

D. GOVERNANCE FRAMEWORK

i. At least one Independent Director of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not. For the purposes of this clause, and notwithstanding anything to the contrary in Clause C above, the term “material subsidiary” shall mean a subsidiary whose turnover or net worth exceeds twenty per cent. of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

ii. The Audit Committee of the Company shall review the financial statements, and in particular the investments made, of each unlisted subsidiary.

iii. The minutes of the meetings of the board of directors of each unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.

iv. The management of each unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company a statement of all Significant Transactions and Arrangements entered into by such unlisted subsidiary.

v. The Audit Committee of the Company shall grant its prior approval to a related party transaction to which a subsidiary of the Company is a party but the Company is not, in the circumstances and above the thresholds prescribed under Regulation 23(2) of the LODR Regulations.

vi. The Company shall make disclosure of events or information with respect to its material subsidiaries in accordance with Regulation 30(9) of the LODR Regulations and Schedule III thereto.

vii. Every material unlisted subsidiary of the Company incorporated in India shall undertake a secretarial audit and shall annex a secretarial audit report given by a company secretary in practice to the annual report of the Company, in terms of Regulation 24A of the LODR Regulations.

viii. Where the Company has a listed subsidiary which is itself a holding company, the provisions of Regulation 24 of the LODR Regulations shall apply to such listed subsidiary in so far as its own subsidiaries are concerned.

ix. The Company shall comply with the requirements as to consolidation of accounts, the statement containing the salient features of the financial statements of subsidiaries in Form AOC-1, and the placing of the separate audited financial statements of each subsidiary on its website, in terms of Sections 129, 134 and 136 of the Act.

E. DISPOSAL OF SHARES IN, AND ASSETS OF, A MATERIAL SUBSIDIARY

i. The Company shall not dispose of shares in its material subsidiary resulting in the reduction of its shareholding, either on its own or together with other subsidiaries, to less than fifty per cent., or cease the exercise of control over the subsidiary, without passing a special resolution in its general meeting.

ii. The sale, disposal or lease of assets amounting to more than twenty per cent. of the assets of the material subsidiary on an aggregate basis during a financial year shall require the prior approval of the shareholders of the Company by way of a special resolution.

iii. Clauses (i) and (ii) above shall not apply where the divestment, sale, disposal or lease is made under a scheme of arrangement duly approved by a Court or Tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, provided that in the latter case the event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

F. AMENDMENT TO THE POLICY

The Board of Directors shall have the power to clarify any doubt or rectify any anomaly that may exist in connection with the effective implementation of this Policy, and reserves the right to amend this Policy from time to time in accordance with the requirements prescribed by the Securities and Exchange Board of India, the stock exchange(s) or any other statutory authority.

G. DISCLOSURE OF THE POLICY

This Policy shall be disclosed on the website of the Company in terms of Regulation 46(2) of the LODR Regulations, and a web link thereto shall be given in the Corporate Governance Report forming part of the Annual Report of the Company in terms of Regulation 34(3) read with Schedule V of the LODR Regulations. Such further disclosure as may be required under the LODR Regulations and the Act shall also be made.

H. APPLICABILITY

The provisions of Regulations 16 to 27 of the LODR Regulations, including this Policy, apply to the Company subject to Regulation 15(2) of the LODR Regulations. Where those provisions become applicable to the Company at a later date on account of the thresholds in Regulation 15(2) being met, this Policy shall apply from that date.