

**POLICY ON
MATERIAL SUBSIDIARIES**



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1. POLICY OBJECTIVE

The objective of this Policy is to determine Material Subsidiaries of Nucleus Software Exports Ltd. (the Company) and to govern their transactions.

This Policy is in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. DEFINITIONS

- a) **“Audit Committee”** is the Committee constituted as such by the Board of Directors of the Company, from time to time, as per the Companies Act, 2013, rules there under, Listing Regulation and any other law for the time being in force.
- b) **“Board of Director”** is the Board of Directors of Nucleus Software Exports Ltd.
- c) **“Independent Director”** is a Director of the Company, appointed as such and who satisfies the criteria for independence under the Companies Act, 2013, rules there under and the Listing Regulation amended from time to time.
- d) **“Material Subsidiary”** means a subsidiary, whose Turnover or net worth exceeds 10% percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- e) **“Policy”** is the Policy on Material Subsidiary.
- f) **“Subsidiary (ies)”** means subsidiary of the Company as defined in the Companies Act, 2013.
- g) **“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.

All words and expressions used in this policy, unless defined hereafter, shall have the same meaning respectively assigned to them under the SEBI LODR Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and Rules, notifications and circulars made/issued thereunder, as amended, from time to time.

3. POLICY - GOVERNANCE FRAMEWORK

- I. At least one independent director on the Board 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 purpose of this provision “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ‘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)*
- II. The Audit Committee of the Company shall also review the financial statements of the unlisted subsidiaries, in particular, the investments made by the unlisted Subsidiary/ies of the Company.
- III. Minutes of Board meetings of unlisted subsidiary Company/ies shall be placed at the Board meeting of the Company.
- IV. The management of the unlisted subsidiary shall periodically 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/ies.
- V. The Company, without the approval of the members by Special Resolution in a General Meeting, shall not dispose shares in Material subsidiaries that would reduce Company’s 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 Material Subsidiary 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)*.
- VI. The Company, without the prior approval of the members by Special Resolution in a General Meeting, shall not sell, dispose or lease the assets amounting to more than twenty percent of the assets of the Material subsidiary on an aggregate basis during a financial year,

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)

- VII. With regard to any listed subsidiary of the Company, which itself is a Holding Company; the policy provisions shall apply to the listed subsidiary to the extent its subsidiaries are concerned.
- VIII. A material unlisted subsidiary incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified
- IX. This Policy on Material Subsidiary to be disclosed on the Company website and a web link thereto shall be provided in the Annual Report, as per the provisions of laws in force.

4. POLICY REVIEW

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) in the Policy.

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 upon the provisions here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.