

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, 1956 or 2013, rules there under, Listing Agreement with the Stock Exchanges 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 Agreement with the Stock Exchanges.
- d) **“Policy”** is the Policy on Material Subsidiary.
- e) **“Subsidiary”** is as defined as per the Companies Act, 2013 and the Rules made thereunder.
- f) **“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.

3. POLICY

- a) **Material Subsidiary** - A subsidiary shall mean a Material Subsidiary, whose income or net worth exceeds [ten] percent of the consolidated income or net worth respectively, of the Company in the immediately preceding accounting year.
- 1. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of a Material non-Listed Indian

Subsidiary Company. *(for this purpose “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year)*

- II. Audit Committee of the Company shall review the financial statements, in particular, the investments made by the non-listed subsidiary Company.
- III. Minutes of Board meetings of non-listed subsidiary Company/ies shall be placed at the Board meeting of the Company.
- IV. The management shall on a quarterly basis bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the all non-listed subsidiary Company.
- 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 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 subsidiaries 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 reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.