

Policy for Determining Material Subsidiaries

1. Objective

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, requires determining material subsidiaries of the Company. It is therefore necessary for the board to lay down specific policy framework in this regard for determination of material subsidiaries, its governance, control, and disposal.

2. Definition

- a. "Act"** means the Companies Act, 2013 including the rules, schedules, clarifications, and guidelines issued by the Ministry of Corporate Affairs from time to time.
- b. "Audit Committee"** shall mean the Audit Committee of the Board of Directors, under the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c. "Board"** refers to the Board of Directors of Neso Limited.
- d. "Company"** means "Neso Limited"
- e. Control** shall have the same meaning as provided in SEBI (Substantial Acquisition of Shares and Takeover Regulations, 2011, as amended from time to time;
- f. "Material Subsidiary"** shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year;
- g. "Policy"** shall mean this policy or "Material Subsidiary Policy"
- h. "Regulations"** shall mean the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.
- i. "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 of the unlisted subsidiary for the immediately preceding accounting year.
- j. "Subsidiary"** shall be as defined under the Act.
- k. "Net worth"** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013 as amended.

All other words and expressions used but not defined in this Policy, but defined in the Act, SEBI (Substantial Acquisition of Shares and Takeover Regulations, 2011, SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Act or rules and regulations or any statutory modification or re-enactment thereto.

3. Governance and Control

- a.** At least one Independent Director of the Company shall be a Director on the Board of Directors of the Unlisted Material Subsidiary whether incorporated in India or not.

Explanation: For the Purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the Regulations, Material Subsidiary shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

- b.** The Audit Committee of the Board of the Company shall also review the financial statements of unlisted subsidiary(ies), in particular, the investments made by the unlisted subsidiary, and the same shall be placed before the Board of the Company periodically.
- c.** The Management of the unlisted subsidiary shall annually bring to the attention of the Board of Directors of the Company a statement of all the significant transactions and arrangements entered into by the unlisted subsidiary.

4. Disposal of Material Subsidiary

- a.** The Company shall not dispose shares of its Material Subsidiary that reduces the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or ceases to exercise of control over the subsidiary; without passing of a Special Resolution at its General Meeting, except in cases where such divestment is made under a scheme or 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.
- b.** 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, shall require prior approval of the shareholders by way of a special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/ Tribunal and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5. Review and amendment

The Board of Directors will review this Policy from time to time and make revisions as may be required.

6. Disclosure of this policy

This Policy shall be uploaded on the Company's website i.e. www.nesco.in

4th version of the policy approved by the board of directors at its meeting held on 13th February 2024.