

NEHA INTERNATIONAL LIMITED

**Registered Office: Flat No- 501, Manbhumi Jade Tower, Rajbhavan Road,
Somajiguda, Hyderabad- 500082**

CIN: 01122TG1993PLC015987

Tel: +91-40-66364543

+91-40-66363504

Website: www.nehainternational.com

Email: complianceofficer@nehainternational.com

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES



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"Material Subsidiary" shall have the meaning as stated in paragraph 4 of this policy.

"Net Worth" means net worth as defined in section 2(57) of the Companies Act, 2013.

"Policy" means this Policy for determining Material Subsidiaries.

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the

- i) total revenues; or
- ii) total expenses; or
- iii) total assets; or
- iv) total liabilities;

as the case may be, of the Unlisted Material Subsidiary for the immediately preceding accounting year.

"Subsidiary" shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

"Unlisted Material Subsidiary" means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

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4. Determination of Material Subsidiary:

A Subsidiary of the Company shall be considered as a 'Material Subsidiary', if the income or net worth of the Subsidiary exceeds 20% of consolidated income or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding financial year.

However no subsidiary of the Company fulfils the above criteria. So there are no material subsidiaries for the Company.

5. Governance Framework:

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary company.
2. The minutes of the Board meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.
3. Atleast one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of unlisted Material Subsidiary, incorporated in India.
4. It shall be quarterly brought to the notice of the Board of the Company, a statement of all Significant Transaction or Arrangement entered into by the Unlisted Subsidiary/ies.

6. Disposal of Material Subsidiary:

The Company shall not:

- i. dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- ii. sell, dispose and lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without obtaining prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

7. Disclosures:

This policy shall be disclosed on the website of the Company www.nehainternational.com.

8. Amendments:

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure the objective of good corporate governance.

9. Scope and Limitations:

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.