

POLICY ON MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors (the “Board”) of M M FORGINGS LIMITED (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

2. DEFINITIONS

- 2.1 **Material Non Listed Indian Subsidiary** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- 2.2 **“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.
- 2.3 **“Subsidiary”** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

3. POLICY

- 3.1 A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - 3.1.1 Which have generated 10% of the consolidated income or net worth of the Company during the financial year.
- 3.2 One **Independent Director** of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary Company, if income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiary/ies in the immediately preceding accounting year.”
- 3.3 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the material unlisted subsidiary Company on an annual basis.
- 3.4 The minutes of the Board Meetings of the unlisted Subsidiary Company/ies shall be placed before the Board of the Company periodically.
- 3.5 The management shall periodically bring to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

- 3.6 The management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non- Listed Indian Subsidiary.

4. DISPOSAL OF MATERIAL SUBSIDIARY

- 4.1 The Company, without the prior approval of the Members by Special Resolution, shall not:
- 4.1.1 Dispose shares in Material Subsidiary/ies that reduces its shareholding (either on its own or together with other subsidiary/ies to less than 50% except in cases where such divestment or otherwise is made under a scheme of arrangement duly approved by Court/ Tribunal or as per the Act; or
- 4.1.2 Ceases the exercise of control over the Subsidiary; or
- 4.1.3 Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary.

5. DISCLOSURES

The Policy for determining material subsidiary/ies is to be disclosed on the company's website and a web link thereto to be provided in the Annual Report of the Company.