POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES AND ITS GOVERNANCE

1. PURPOSE OF THE POLICY:

MADHUR INDUSTRIES Limited ("MADHUR") has formulated this Policy fordetermining its Material Subsidiary in accordance with Regulation 16(1)(c) of theSEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, whichrequires every listed company to formulate a policy for determining a "material"subsidiary and Regulation 46(2)(h) of the SEBI (Listing Obligations and DisclosureRequirements) Regulations, 2015, requires each listed company to publish thispolicy on its website.

2. OBJECTIVE OF THE POLICY:

The objective of this Policy is to determine

i. Meaning of Material Subsidiary;

ii. Restriction on disposal of shares of Material Subsidiary by the Company;

iii. Restriction on transfer of assets of Material Subsidiary; and

iv. Disclosure requirements, under the Listing Regulations and any other laws andregulations as may be applicable to the Company.

3. DEFINITIONS:

3.1 "Act" means the Companies Act, 2013 and the Companies, Act 1956 (to theextent applicable and as amended from time- to- time).

3.2 "Audit Committee or Committee" means the Audit Committee constituted bythe Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligationsand Disclosure Requirements) Regulations, 2015.

3.3 "Board of Directors" or "Board" means the Board of Directors of Madhur Industries Limited, as constituted from time to time.

3.4 "Company" means, Madhur Industries Limited, a company incorporated under the Companies, Act 1956.

3.5 "Control" shall include the right to appoint majority of the directors or tocontrol the management or policy decisions exercisable by a person orpersons acting individually or in concert, directly or indirectly, including byvirtue of their Shareholding or Management Rights or ShareholderAgreements or Voting Agreements or in any other manner.

3.6 “Independent Director” means a director of the Company, not being in wholetime employment and who is neither a promoter nor belongs to the promotergroup of the Company and who satisfies the criteria for independence asprescribed under Section 149 of the Companies Act, 2013 and Regulation 16of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.7 “Material Subsidiary” means a subsidiary, whose income or net-worthexceeds 10% of the consolidated income or net-worth respectively, of MADHUR INDUSTRIES LIMITED and its subsidiaries in the immediately preceding accounting year.

3.8 “Policy” means this Policy, as amended from time- to- time.

3.9 “Significant transaction or arrangement” mean any individual transaction orarrangement that exceeds or is likely to exceed 10% of the total revenues ortotal expenses or total assets or total liabilities, as the case may be, of theunlisted subsidiary for the immediately preceding accounting year asprescribed under Regulation 24(4) of SEBI (Listing Obligation and Disclosure Requirements), 2015.

3.10 “Subsidiary” shall mean a subsidiary as defined under Sub-Section (87) ofSection 2 of the Companies Act, 2013.(Unless otherwise stated, all terms appearing in this Policy shall have the samemeaning assigned to them under the Companies Act, 2013, SEBI (LODR)Regulations, 2015, Securities Contracts (Regulation) Act, 1956 or any otherapplicable law or regulation from time to time.)

4. POLICY:

4.1 A subsidiary shall be a Material Subsidiary, if any of the following conditionsare satisfied:

(a) A subsidiary, whose Income of a financial year, based on the auditedfinancial statements of the subsidiary, exceeds 10% of consolidatedIncome of the Company as per the audited consolidated balance sheetof the Company for the same financial year; or (b) A subsidiary, whose net worth at the end of a financial year, based on theaudited financial statement of the subsidiary, exceeds 10% ofconsolidated net worth of the Company as per the audited consolidatedbalance sheet of the Company for the same financial year.

4.2 At least one Independent Director of the Company shall be a director on theBoard of unlisted material subsidiary, whether incorporated in India or not.

[Explanation: For the purpose of this Clause, notwithstanding anything to the contrary mentioned in this Policy, the term "material subsidiary" means asubsidiary, whose income or net-worth exceeds 20% of the consolidatedincome or net-worth respectively, of the Company and its subsidiaries in theimmediately preceding accounting year.]

4.3 The Audit Committee of the Company shall review the financial statements, inparticular, the investments made by the unlisted Subsidiary on an annualbasis.

4.4 The Minutes of the meetings of the Board of Directors of the unlisted Subsidiaryshall be placed before the Board of the Company on a quarterly basis.

4.5 The management of unlisted subsidiary, whether a material subsidiary orotherwise, shall on a quarterly basis bring to the attention of the Board ofDirectors of the Company, a statement of all Significant Transactions andArrangements entered into by the unlisted subsidiary.[Explanation: For the purpose of this clause, the term "significant transaction orarrangement" means any individual transaction or arrangement that exceedsor is likely to exceed 10% of the total revenues or total expenses or totalassets or total liabilities, as the case may be, of the unlisted subsidiary for theimmediately preceding accounting year.]

4.6 The management shall present to the Audit Committee from time to time thelist of such Subsidiaries together with the details of the materiality definedherein. The Audit Committee shall review the same and make suitablerecommendations to the Board including recommendation for theappointment of an Independent Director on the Board of material unlistedsubsidiary.

4.7 The Company, without the prior approval of the members by way of SpecialResolution under Regulation 24 of the SEBI (Listing Obligations and DisclosureRequirements) Regulations, 2015, shall not:

(a) dispose of shares in its material subsidiary that reduces its shareholding(either on its own or together with other subsidiaries) to less than or equalto 50%; or

(b) ceases the exercise of control over the material subsidiary; or

(c) Sell, dispose of or lease the assets amounting to more than 20% of theassets of the material subsidiary on an aggregate basis during a financial year;

[Except in cases where such divestment, sale, disposal, lease as the case may beis made under a scheme of arrangement duly approved by the Court / Tribunalor under a resolution plan duly approved under Section 31 of the InsolvencyCode and such an event is disclosed to the recognized stock exchanges withinone day of the resolution plan being approved.]

4.8 The material unlisted subsidiary of madhur incorporated in India shall undertakeSecretarial Audit and shall annex Secretarial Audit Report, given by aCompany Secretary in practice, in such form as may be specified in theAnnual Report of MADHUR.

5. DISCLOSURE:

This Policy on determining material subsidiary shall be disclosed on the website of the Company at https://www.madhur.com/ and a web link thereto shall beprovided in the Annual Report of the Company.

6. MISCELLANEOUS:

The Policy would be reviewed as and when required by the Board of Directors. Incase, there are any regulatory changes requiring modifications to the Policy, thePolicy shall be reviewed and amended with due approval from the Board of Directors. However, the amended regulatory requirements will supersede theexisting Policy till the time Policy is suitably amended.

Any difficulties or ambiguities in the Policy will be resolved by the Board ofDirectors in line with the broad intent of the Policy.

The Board may also establish further rules and procedures, from time to time, togive effect to the intent of this Policy and further the objective of good corporategovernance.

Note: The words and expressions used but not defined in this Policy shall have the samemeanings respectively assigned to them in the Companies Act, 2013 and the Rulesmade thereunder or in any amendment thereto.