

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Preamble :

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, McNally Bharat Engineering Company Limited, (“the Company”) is required to formulate a Policy for determining material subsidiaries.

2. Policy Statement :

- A subsidiary shall be considered a “material subsidiary, if the investment of the Company in the subsidiary, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.
- A “material non-listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

3. Disclosure/Amendment :

This Policy shall be disclosed on the website of the Company and a web link thereto, shall be provided in the Annual Report of the Company.

The right to interpret/amend/modify this Policy vests with the Board of Directors of the Company.