



## **FORCE MOTORS LIMITED**

CIN: L34102PN1958PLC011172

**Regd. Office:** Mumbai - Pune Road, Akurdi, Pune – 411 035.

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### **POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES & ITS GOVERNANCE FRAMEWORK**

#### **1. Preface:**

The Company has framed the Policy in accordance with the provisions of the Companies Act, 2013 read with Rules made there under and as per Regulation 16(1)(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (As amended from time to time) ('the Listing Regulations') and shall be subject to those laws or such other Rules/ Regulations.

The Policy had been last amended by the Board on 13<sup>th</sup> February, 2019 effective from 1<sup>st</sup> April, 2019 and is now being amended in line with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 to be effective from 10<sup>th</sup> February, 2025.

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations or other SEBI Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars issued thereunder, as amended, from time to time.

#### **2. Material Subsidiary:**

A subsidiary shall be considered as 'material', if the turnover or net worth of such subsidiary exceeds 10% of the consolidated turnover or net worth respectively, of the Company, and its subsidiaries in the immediately preceding accounting year.

#### **3. Governance Framework:**

- A. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.



- B. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed before the Board of the Company.
- C. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by such subsidiary.

A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

- D. One Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary of the Company, whether incorporated in India or not, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

#### **4. Disposal of Material Subsidiary:**

The Company shall not:

- A. 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 or equal to 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, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the Stock Exchanges within one day of the resolution plan being approved.
- B. sell, dispose and lease any assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without 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, 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.

Nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.



**5. Change in law:**

In case of any contradiction between the provision of law applicable to the Company from time to time and this Policy, then such provision shall override the relevant clause or part of the clause of this Policy without requiring any specific alteration to this Policy.

The Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

Pune, 10<sup>th</sup> February, 2025

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