



## **SHYAM METALICS AND ENERGY LIMITED**

**POLICY FOR DETERMINING**  
**MATERIAL SUBSIDIARIES**

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# POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

## 1. BACKGROUND & OBJECTIVE

This Policy is framed in accordance with the requirement stated in Regulation 16(1)(c) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and is intended to ensure governance of material subsidiary companies of Shyam Metalics and Energy Ltd.

The objective of this Policy is determination of Material Subsidiaries and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

Accordingly, the Board of Directors of Shyam Metalics and Energy Limited (“SMEL”) has adopted the policy and procedures with regard to determination of Material Subsidiaries as enumerated below, in accordance with Regulations 16 and 24 of the SEBI Listing Regulations.

## 2. EFFECTIVE DATE

This Policy shall be effective from 15<sup>th</sup> May, 2018

## 3. DEFINITIONS

- 1) **Audit Committee** - means the Audit Committee, as constituted by the Board of Directors of the Company from time to time under provisions of the Sebi (LODR) Regulations and Companies Act, 2013.
- 2) **Board of Directors or “Board”** - means the Board of Directors of Shyam Metalics and Energy Limited, as constituted from time to time.
- 3) **Company** - means Shyam Metalics and Energy Limited.
- 4) **Material Subsidiary** - A subsidiary shall be considered as material if the investment of the Company in the Subsidiary Company exceeds 20% of its consolidated net worth as per the audited balance sheet of the immediately preceding accounting year, or if the Subsidiary Company has generated 20% of the consolidated income of the Company during the immediately preceding accounting year.

- 5) **Material unlisted Indian Subsidiary** - means an unlisted subsidiary which is incorporated in India and 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 Company and its subsidiaries in the immediately preceding accounting year.
- 6) **“Significant Transaction or Arrangement”** - means any individual transaction or arrangement that exceeds or is likely to exceed ten per cent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.
- 7) **Subsidiary Company** – shall mean a company defined as a subsidiary company under Section 2(87) of the Companies Act, 2013.

#### 4. PROCEDURE AND POLICY

##### A. REQUIREMENTS REGARDING MATERIAL SUBSIDIARY

- i. At least one Independent Director of the Company shall be a director on the Board of the Material Subsidiary.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Material Subsidiary on a quarterly basis.
- iii. The minutes of the meetings of the board of directors of the unlisted Material Subsidiary shall be placed at the meeting of the board of directors of the Company on a quarterly basis.
- iv. The management of the unlisted Material Subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Material Subsidiary.
- v. SMEL shall not, without the approval / prior approval of the members by special resolution, as may be required under the provisions of the Listing Agreement
  - a) dispose shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
  - b) cease the exercise of control over the Material Subsidiary; or
  - c) Sell, dispose off or lease the assets amounting to more than 20% of the assets 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 be, is made under a scheme of arrangement duly approved by the Court / Tribunal.

##### B. REQUIREMENTS REGARDING MATERIAL UNLISTED SUBSIDIARY

- a) At least one Independent Director on the Board of the Company shall be a Director on the Board of the material unlisted Indian subsidiary company.
- b) Audit Committee of the company shall review the financial statements, in particular, the investment made by the unlisted subsidiary company.
- c) The minutes of the Board Meetings of unlisted subsidiary companies shall be placed before Board Meeting of the company.

d) All significant transactions and arrangements entered into by the unlisted subsidiary company shall be brought to the attention of the Board of the Company.

## **5. COMPLIANCE BY STEP DOWN SUBSIDIARIES**

This policy will be applicable to all listed subsidiaries of SMEL with respect to their subsidiaries, i.e. if the Company at any time has a listed Subsidiary Company which is itself a holding company, the provisions of the SEBI Listing Regulations shall apply to the listed Subsidiary Company, in so far as its subsidiary companies are concerned.

## **6. DISCLOSURE**

This "Policy on Determining Material Subsidiaries" shall be disclosed on the website of the Company at <https://www.shyammetalics.com> and a web link thereto shall be provided in the Annual Report of the Company.

## **7. MODIFICATIONS AND AMENDMENTS**

The Board may review and amend this policy as may be required from time to time in accordance with the provisions of the Listing Agreement and other applicable laws and any further amendments and notifications as may be made effective in this regard. Any subsequent notification, circular, guidelines or amendments under listing agreement and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.

## **8. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulations / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of the SEBI Listing Regulations / the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **9. DISCLOSURE AND REVIEW**

The Policy for determining Material Subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report. The Policy will be reviewed on an annual basis or as and when warranted due to regulatory requirements.

**DATE:** 15<sup>th</sup> May, 2018