



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 Obligations 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 15th May, 2018

3. DEFINITIONS

- 1) **Act** - means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- 2) **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.
- 3) **Board of Directors or "Board"** - means the Board of Directors of Shyam Metalics and Energy Limited, as constituted from time to time.
- 4) **Company** - means Shyam Metalics and Energy Limited.
- 5) **Holding Company** - means as defined under clause 2(46) of the Act.
- 6) **Independent Director** - means a director of the Company, not being a wholtime director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Agreement with the Stock Exchanges.
- 7) **Material Subsidiary** - shall mean a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- 8) **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.
- 9) **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 on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation- For the purposes of this clause the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- 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. A statement of all significant transactions and arrangements entered into by the unlisted Subsidiary company shall be presented to the Board of Directors on half yearly basis.
- v. the material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.
- vi. The Company 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 reduces 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.

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: 15th May, 2018

Amended on 15th March, 2022