



SHYAM METALICS AND ENERGY LIMITED

POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES

Trinity Towers, 7th Floor, 83 Topsia Road, Kolkata - 700 046

T: +91 33 4016 4080, F: +91 33 4016 4025

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Name of Policy	Policy for Determining Material Subsidiaries
Originally Formulated	15 th May, 2018
Last Amended on	15 th March, 2022
Current Revision Date	28 th January, 2025
Authority approving the Policy	Board of Directors

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 Metals 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 Metals 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 Metals and Energy Limited, as constituted from time to time.
- 4) **Control** - shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- 5) **Company** - means Shyam Metals and Energy Limited.
- 6) **Holding Company** - means as defined under clause 2(46) of the Act.

- 7) **Independent Director** - shall have the meaning given to it in the Companies Act, 2013 and Listing Regulations, 2015.
- 8) **Material Subsidiary** - shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- 9) **Significant Transaction or Arrangement** - means any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the 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.
- 10) **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 subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- ii. The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- iii. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- iv. The material unlisted subsidiary of the Company incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report, in such form as specified, with the Annual Report of the Company.
- v. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation. - For the purpose of this regulation, the term "significant transaction arrangement shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the 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.

- vi. A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its or together with other subsidiaries) to less than for equal to fifty percent 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 recognized stock exchanges within one day of the resolution plan being approved.

- vii. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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 sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

- viii. Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

5. 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.

6. 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.

7. 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 shall be subject to review as may be deemed necessary and in accordance with any regulatory requirements.