

SHYAM CENTURY FERROUS LTD

Policy on 'Material' subsidiaries

1. PURPOSE AND SCOPE

Shyam Century Ferrous Limited has adopted the policy and procedures with regard to determination of 'Material Subsidiaries and disclosures thereof'. The Policy has been drawn in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations.

Any amendment/modification in the Listing Agreement and/or other applicable laws in this regard shall automatically apply to this policy.

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

2. DEFINITIONS

(i) **"Act"** means Companies Act, 2013 & rules made thereunder.

(ii) **"Company"** means Shyam Century Ferrous Ltd

(iii) **"Audit Committee or Committee"** means **"Audit Committee"** constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

(iv) **"Board of Directors"** or **"Board"** means the Board of Directors of Shyam Century Ferrous Limited, as constituted from time to time.

(v) **"Independent Director"** means a non-executive director other than a nominee director of the listed entity:

- (a) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (b) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity
- (c) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- (d) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- (e) none of whose relatives -
 - i. is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

- ii. is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
- iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or
- iv. has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

(f) who, neither himself/herself nor whose relative(s) –

- a. holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity,] in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

- b. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
 - (i) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
 - (ii) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- c. holds together with his relatives two per cent or more of the total voting power of the listed entity; or
- d. is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;
- e. is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

(g) who is not less than 21 years of age.

- (h) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:

(vi) **“Policy”** means Policy on Material Subsidiaries.

(vii) **“Holding Company”** shall be as defined under Section 2(46) of the Act and the Rules made thereunder.

(viii) **“Subsidiary”** shall be as defined under Section 2(87) of the Act and the Rules made thereunder.

(ix) **“Material subsidiary”** shall mean a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the listed entity and & its subsidiaries in the immediately preceding accounting year.”

(x) **“Material Related Party Transaction”** means a transaction with a related party, where in the value of transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1,000 Crore or ten percent of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements of the Company.

In case transactions to be entered into individually or taken together with previous transactions during a financial year, exceed involving payments made with respect to brand usage or royalty shall be considered material, if it exceeds 5% of annual consolidated turnover of the Company as per its last audited financial statements.

(xi) **“Significant Transaction or Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed 10% 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.

(xii) **“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 shareholders agreements or voting agreements or in any other manner.

3. IDENTIFICATION OF ‘MATERIAL’ SUBSIDIARY

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

- a. If the subsidiary has generated 10% of the consolidated income of the company during the previous financial year.

4. GOVERNANCE FRAMEWORK

- a) At least one Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary Company whether incorporated in India or not.
- b) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c) 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 Company.
- d) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- e) Where a Company 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. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special resolution, shall not :

- a) Dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% except in cases where such disinvestment 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 or
- b) Cease the exercise of control over the subsidiary or
- c) Sell, dispose and lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year 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 .
- d) Whereas the prior approval of the shareholders is not required for the sale, dispose and lease of more than twenty percent of material subsidiary, if the transaction is between two subsidiaries of the Company.

6. SECRETARIAL AUDIT

The Company and its 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.

7. DISCLOSURES

This policy shall be disclosed on the company's website, www.starcement.co.in and a web link thereto shall be provided in the Annual Report.

8. REVIEW OF THE POLICY

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

9. DATE OF APPROVAL & AMENDMENT, IF ANY:

In case of any subsequent changes in the provisions of Listing Regulations or any other applicable law which make the provisions in the Policy inconsistent with the Listing Regulations or any other applicable law, the provisions of the Listing Regulations and such law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law.

The Policy is approved and adopted by the Board of Directors of the Company on 21st May, 2025 and is effective from same date.