

SUNFLAG IRON AND STEEL COMPANY LIMITED

REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001

Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003

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POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 becomes applicable to all listed Company including the Company effective 1st December 2015.

Amongst others, the Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dealt with the Material Subsidiary and to formulate the Policy for determining Material Subsidiary of the Company.

1. Preface

The Corporate Governance has been an integral part of the way, the Company - Sunflag Iron and Steel Company Limited have been doing its business since inception. As a part of the Corporate Governance and pursuant to the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘the Listing Regulations’ or ‘SEBI (LODR) Regulations’), the Board of Directors (‘Board’) of the Company has formulated, approved and adopted the following policy and procedures with regard to determining Material Subsidiary of the Company.

2. DEFINITIONS

- (a) **“Audit Committee”** Committee constituted by the Board of Directors of the Company pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (b) **“Board of Directors”** or **“Board”** means the Board of Directors of Sunflag Iron and Steel Company Limited, as constituted from time to time.
- (c) **“Company”** or **“the Company”** means Sunflag Iron and Steel Company Limited, a listed entity.
- (d) **“Independent Director”** means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Regulations.
- (e) **“Policy”** means the Policy for determining Material Subsidiary of the Company.
- (f) **“Material Unlisted Indian Subsidiary”** mean a Material Subsidiary which is incorporated in India and which is not listed on any of the Stock Exchanges in India.
- (g) **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds Ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- (h) **“Significant Transaction or Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed ten percent (10%) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.
- (i) **“Subsidiary”** shall mean a subsidiary as defined under section 2(87) of the Companies Act, 2013 and the rules made thereunder.

3. GOVERNANCE FRAMWORK

- I. At Least one Independent Director on the Board of Directors of the Listed entity shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (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 Listed entity shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.
- 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 Director of the Listed entity. an annual basis.
- IV. The management of unlisted subsidiary shall on an annual basis bring to the attention of the Board of Directors of the Listed Entity, a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary.
- V. A Listed entity shall not 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% (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.
- VI. Selling, disposing and leasing of assets amounting to more than 20% (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.
- VII. Every Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the Company.
- VIII. The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Subsidiary.

4. DISCLOSURES AND REVIEW

This Policy is framed based on the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. In case of any subsequent changes in the Regulations which make any of the provisions in the Policy inconsistent with the Regulations, the provisions of the regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board of Directors as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Board. Any changes or modification in the Policy would be approved by the Board of Directors and the decision of the Board in this respect shall be final and binding.

This Policy has been approved by the Board of Directors of the Company at its meeting held on 8th February 2016 and subsequently modified on 10th Feb, 2022 by the Board of Director and shall be disclosed on the website of the Company.

5. POLICY SEVERABLE

This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.
