



**POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

**OF**

**LLOYDS METALS AND ENERGY LIMITED**

**(CIN: L40300MH1977PLC019594)**

**Registered Office: Plot No.: A 1-2, MIDC Area, Ghugus, Chandrapur,  
Maharashtra – 442505**

**Tel.: 07172-285103 / 398**

**Corporate Office: A-2, 2<sup>nd</sup> Floor, Madhu Estate, Pandurang Budhkar Marg,  
Lower Parel, Mumbai - 400013**

**Tel.: 022-6291 8111.**

**This policy shall come into effect from 21st March, 2024**

## **I. Purpose and Scope**

The Policy for determining “Material” Subsidiary Companies has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

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

All the words and expression used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

## **II. Determination of Material Subsidiary**

A subsidiary of the Company shall be treated as a material subsidiary, if it fulfils any of the below mentioned conditions:

- a. The Net Worth of the subsidiary exceeds 10% of consolidated net worth of the Company and its subsidiaries as per the Audited Balance Sheet of the immediately preceding financial year; or
- b. The Income of the subsidiary exceeds 10% of the consolidated income of the Company and its subsidiaries in the immediately preceding financial year.

## **III. 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.

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 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c. The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.
- d. The Management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

For the purpose of this regulation, the term “significant transaction or 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.

- e. The Company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than 50 percent or the Company ceases the exercise of control over such subsidiary; Such approval shall not be required if the disinvestment is:
  - i. under a scheme of arrangement duly approved by a Court/Tribunal, or
  - ii. 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.
- f. The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year; Such approval shall not be required, if such sale, disposal, lease of assets is:
  - i. under a scheme of arrangement duly approved by a Court/Tribunal, or
  - ii. 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.
- g. 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.
- h. Every listed entity 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 listed entity.

#### **IV. Policy Review**

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

#### **V. Disclosure**

This Policy shall be disclosed on the website of the Company.

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