

**KARBONSTEEL ENGINEERING LIMITED**

**Policy for Determining Material Subsidiaries**

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **BACKGROUND**

In accordance with the Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulation”) (the “Listing Regulation”), the Company has formulated this policy for determining material subsidiary of the Company.

### **SCOPE & OBJECTIVE**

This Policy sets out the criteria for determining material subsidiary / subsidiaries of the Company.

### **DEFINITION**

“Audit Committee or Committee” means the Committee of the Board of Directors of the Company constituted from time to time under the provisions of the SEBI Listing Regulation and Section 177 of the Companies Act, 2013.

“Board” means Board of Directors of the Company as defined under the Companies Act, 2013.

“Company” means Karbonsteel Engineering Limited.

“Subsidiary Company” shall mean a company defined under Section 2(87) of the Companies Act, 2013 and the Rules framed thereunder.

“Material Subsidiary” shall mean a subsidiary whose turnover or net worth exceeds ten per cent of consolidated turnover or net worth respectively, of the Company and its subsidiaries as per the audited balance sheet of the preceding accounting year.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

### **CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO UNLISTED SUBSIDIARY/ MATERIAL UNLISTED SUBSIDIARY.**

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
2. The minutes of the meetings of the board of the unlisted subsidiary shall be placed at the meeting of the Board.
3. The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the Unlisted Subsidiary in the format similar to the format prescribed in the relevant accounting standards for the purpose of disclosure of related party transactions on a consolidated basis.
4. The management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

5. At least one independent director on the Board shall be a director on the board of directors of an unlisted material subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year in accordance with Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. The Company's 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, in such form as may be specified.

#### **RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY**

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 50% or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal/Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

#### **RESTRICTION ON DISPOSAL OF ITS ASSETS OF MATERIAL SUBSIDIARY**

Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal/ Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **AMENDMENT**

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case any provisions of the Policy are contrary to or inconsistent with the provisions of the Companies Act, 2013, rules framed thereunder and Listing Regulations ("Statutory Provisions"), the provisions of Statutory Provisions shall prevail.

#### **DISSEMINATION OF THE POLICY**

The policy shall be hosted on the website of the Company i.e. [www.karbonsteel.com](http://www.karbonsteel.com)

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*Date of Amendment by Board of Directors: February 01, 2025*