



SARDA ENERGY & MINERALS LIMITED
Regd. Off: 73-A, Central Avenue, Nagpur (MH.) 440018
Ph: +91-712-2722407; Email: cs@seml.co.in
URL: www.seml.co.in CIN: L27100MH1973PLC016617

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. Objective

1. The Board of Directors of the Company has adopted the following policy and procedure with regards to determination of Material Subsidiaries and to provide a governance framework for such material subsidiaries.
2. The Policy is framed in accordance with the requirements of the Regulation 16, 24 and other applicable regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any amendments thereof).

II. Definitions

“Act” means the Companies Act, 2013 including any amendment or modification thereof.

“Audit Committee” means the Committee of the Board formed under section 177 of the Act and Regulation 18 of Listing Regulations.

“Board of Directors” or **“Board”** means the Board of Directors of Sarda Energy & Minerals Ltd., as constituted from time to time.

“Company” means Sarda Energy & Minerals Ltd.

“Independent Director” means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Regulations, as amended from time to time.

“Policy” means this Policy, as amended from time to time.

“Subsidiary” shall mean a subsidiary of the Company as defined under the Act and Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

III. Policy

1. **Material Subsidiary** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.



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2. **Material Un-listed Indian Subsidiary** shall mean a Subsidiary, incorporated in India, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. and which is not listed on the Indian Stock Exchanges.

A list of such Material subsidiaries and Material Un-listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

IV. Requirement regarding Material Subsidiary

The Company, without passing a special resolution in its General Meeting, shall not:-

1. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%; or
2. dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary; or
3. sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless the divestment/ 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.

V. Additional requirement regarding unlisted Material Subsidiary

At least one independent director on the board of directors of the Company 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 requirement, "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year."

VI. Requirement regarding Unlisted Subsidiary Company

1. Audit Committee of the Company shall review the financial statements and in particular, the investment made by the unlisted subsidiary company.



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2. 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.
3. 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.

Explanation:

“Significant transaction or arrangement” shall mean 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.

VII. Policy Review

This Policy shall be reviewed by the Audit Committee 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 Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

VIII. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

IX. Effective Date

This policy shall be effective from 01.04.2022

X. Dissemination of Policy

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

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