



## SARDA ENERGY & MINERALS LIMITED

Regd. Off: 73-A, Central Avenue, Nagpur (MH.) 440018  
Ph: +91-712-2722407; Fax: +91-712-2722107 Email: [cs@seml.co.in](mailto:cs@seml.co.in)  
URL: [www.seml.co.in](http://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 Clause 49 of the Listing Agreement (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 Clause 49(III) of the Listing Agreement.

**“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 Agreement with the Stock Exchanges.

**“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 Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

#### III. Policy

##### 1. Material Subsidiary

A subsidiary shall be considered as Material if-

- a) the investment of the Company in the subsidiary exceeds twenty per cent of its



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consolidated net worth as per the audited balance sheet of the previous accounting year;  
or

- b) the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous accounting year.

### 2. Material Non Listed Indian Subsidiary

Material Non Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on any of the Indian Stock Exchanges and whose:

- a) net worth (paid up capital and free reserves) exceeds 20% of the consolidated net worth of the Company and its subsidiary as per the audited balance sheet of the previous accounting year; or
- b) income exceeds 20% of the consolidated income of the Company and its subsidiary as per the audited balance sheet of the previous accounting year.

A list of such Material subsidiaries and Material Non 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 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.

## V. **Requirement regarding Material Non-Listed Indian Subsidiary**

1. At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.
2. Audit Committee of the company shall review the financial statements, in particular, the investment made by the unlisted subsidiary company.



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- 3. The minutes of the Board Meetings of unlisted subsidiary companies shall be placed before Board Meeting of the company.
- 4. All significant transactions and arrangements entered into by the unlisted subsidiary company shall be brought to the attention of the Board of the Company.

“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 material unlisted subsidiary for the immediately preceding accounting year.

**VI. 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.

**VII. Scope and Limitation**

In the event of any conflict between the provisions of this Policy and the Listing Agreement/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / 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.

**VIII. Dissemination of Policy**

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

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