

 **ENERGY LIMITED**
POLICY ON MATERIAL SUBSIDIARIES

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PREFACE:

TITLE	POLICY ON MATERIAL SUBSIDIARIES
VERSION NUMBER	2.0
EFFECTIVE DATE	31st October 2014
AUTHORISED BY	Board of Directors
REVISIONS	ONE
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Introduction

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ('Listing Regulations'), every listed company has to formulate a policy for determining 'material' subsidiaries and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report of the company. Accordingly, the Board of Directors of JSW Energy Limited has adopted the Policy on Material Subsidiaries. The Board may review and amend this policy from time to time.

Definitions

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, in accordance with provisions of the Listing Regulations and the Companies Act, 2013, as amended from time to time.

"Board of Directors" or **"Board"** means the Board of Directors of JSW Energy Limited, as constituted from time to time.

"Company" means JSW Energy Limited.

"Independent Director" means a non-executive director of the Company as defined under Section 149 of the Companies Act, 2013 and Regulation 16 of the Listing Regulations.

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.

“**Net worth**” means net worth as defined under Section 2(57) of the Companies Act, 2013.

“**Policy**” means this Policy on Material Subsidiaries and as may be amended from time to time.

“**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.

“**Subsidiary**” means a subsidiary company as defined under Section 2(87) the Companies Act, 2013 and the Rules made thereunder.

Policy

- I. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a. If the income of the subsidiary exceeds ten percent of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year. or
 - b. If the net worth of the subsidiary exceeds ten percent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year;
- II. The Company shall classify the subsidiaries of the Company as ‘material’ based on the net worth and income criteria as prescribed above on completion of each accounting year.
- III. At least one **Independent Director** of the Company 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 this Policy, the term “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.

Disposal of Material Subsidiary

The Company, without the approval of the members by way of Special Resolution in its General Meeting, shall not:

- (i) 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 fifty percent; or
- (ii) cease the exercise of control over the Material Subsidiary;

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.*

The Company, shall, only with the prior approval of the members by way of Special Resolution:

- (i) sell, dispose and lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year

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.

Secretarial Audit of Material Subsidiaries

The Company shall undertake secretarial audit of its unlisted Material Subsidiaries incorporated in India.

Compliance

The Policy shall be uploaded on the website of the Company at www.jsw.in and a web link thereto shall be provided in the Annual Report of the Company, as per the applicable law.
