



**SJVN LIMITED**

**Himfed Building, New Shimla**

**CIN: L40101HP1988GOI008409**

# **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**



## BACKGROUND AND OBJECTIVE:

SJVN Limited ("SJVN" or "Company") is governed amongst others by the rules and regulations framed by Securities Exchange Board of India ("SEBI"). SEBI, in its circulars dated April 17, 2014 and September 15, 2014, revised Clause 49 of the Listing Agreement and introduced new regulatory requirements for material subsidiary companies.

The Board of Directors (the "Board") of the Company has adopted the policy and procedures for determining 'material' subsidiary companies ("Policy") in accordance with the provisions of Clause 49(V)(D) of the Listing Agreement.

This Policy will be used to determine the Material Subsidiaries and Material Non-listed Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries.

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

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

## DEFINITIONS

**"Audit Committee"** means the Audit Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

**"Board"** means the Board of Directors as defined in Section 2(10) of the Companies Act, 2013.

**"Subsidiary Company"** means a Subsidiary Company as defined in Section 2(87) of the Companies Act, 2013.

**"Unlisted Subsidiary Company"** means a Subsidiary Company which is not listed on Stock Exchanges.

**"Material Non-listed Indian Subsidiary Company"** means a Company as defined under clause 49 (V) of the Listing Agreement i.e. an unlisted Subsidiary Company, which is incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding Company (SJVN) and its Subsidiary Company(s) in the immediately preceding accounting year.

**"Material Unlisted Subsidiary Company"** means an unlisted Subsidiary Company, which is incorporated in India or abroad, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth



respectively, of the listed holding Company (SJVN) and its Subsidiary Company(s) in the immediately preceding accounting year.

*Consolidated income or net worth will consist of proportionate share of Subsidiaries only.*

**"Material Subsidiary Company"** means a Company as defined under clause 49 (V) of the Listing Agreement i.e. a Subsidiary Company shall be considered as material if the investment of the Company (SJVN) in the (such) Subsidiary Company exceeds 20% (twenty percent) of its consolidated net worth as per the audited balance sheet of the previous financial year or if (such) Subsidiary Company has generated 20% (twenty percent) of the consolidated income of SJVN during the previous financial year.

*Consolidated income or net worth will consist of proportionate share of Subsidiaries, Joint Ventures and Associates.*

**"Significant Transaction or Arrangement"** means 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, as defined under clause 49 (V) of the Listing Agreement.

#### **POLICY AND PROCEDURE**

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
2. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meeting of the Company at regular intervals.
3. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
4. One Independent Director of the Company shall be a director on the board of the Material Non-Listed Indian Subsidiary.
5. The Company shall not dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 50% or cease the exercise of control over the Subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by Court/Tribunal.
6. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.



## **V. DISCLOSURE**

This "Policy on Determining Material Subsidiaries" shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

## **VI. MODIFICATIONS AND AMENDMENTS**

The Board may review and amend this policy as may be required from time to time in accordance with the provisions of the Listing Agreement and other applicable laws and any further amendments and notifications as may be made effective in this regard. Any subsequent notification, circular, guidelines or amendments under listing agreement and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.