

**SJVN Limited**  
**SJVN Corporate Office Complex, Shanan,**  
**Shimla – 171006, Himachal Pradesh**  
**CIN: L40101HP1988GOI008409**

**SJVN LIMITED**

**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. The Listing Regulations of SEBI require Listed Companies to frame a policy for Determination of Material Subsidiaries.

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 the SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015.

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 Regulations 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.

## DEFINITIONS

**"Audit Committee"** means the Audit Committee of the Board constituted from time to time under the provisions of the Regulation 17 of SEBI Listing Obligation & Disclosure Requirements Regulations 2015 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 Unlisted Subsidiary Company"** shall mean a subsidiary whose securities are not listed on the Stock Exchanges and whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.



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

**"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 unlisted subsidiary for the immediately preceding accounting year.

#### **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. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained above, 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 listed entity and its subsidiaries in the immediately preceding accounting year.

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 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.
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 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. 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 Regulations and other applicable laws and any further amendments and notifications as may be made effective in this regard.