

POLICY ON MATERIAL SUBSIDIARIES

1. Preface

Policy Title	Policy on Material Subsidiaries
Version Number	1
Effective Date	31 st October 2014
Authorised by	Board of Directors
Number of Revisions	None
Last Revised Date	--

2. Introduction

In terms of the revised Clause 49(V) of the Listing agreement effective 1st October 2014, 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 (the "Board") of JSW Energy Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

3. Definitions

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

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

"Company" means a company incorporated under the Companies Act, 2013 or under any previous company law.

"Financial Year" means the period ending on the 31st day of March every year, and where a Company has been incorporated on or after 1st day of January of a year, the period ending on 31st day of March of the following year, in respect whereof financial statement of the Company or body corporate is made up (Section 2(41) of the Companies Act, 2013).

"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.

Material Non Listed Indian Subsidiary shall mean an unlisted subsidiary, 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 and its subsidiaries in the immediately preceding accounting year.

"Networth" means the aggregate value of paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of

assets, write-back of depreciation and amalgamation (Section 2(57) of the Companies Act, 2013)

“**Policy**” means Policy on Material Subsidiary.

“**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.

“**Subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

4. Policy

- I. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a. If the Investment of the Company exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b. If the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year
- II. The Company shall classify the subsidiaries of the Company as ‘material’ based on the networth and income criteria as prescribed above in the following cases and at the following intervals:

For investment of the Company

 - i. At the time of incorporating a subsidiary
 - ii. At the time of making further investment in an existing subsidiary
 - iii. At the time of when a Company or body corporate is becoming a subsidiary – by any mode other than that mentioned in (i) and (ii) above.

For income of each subsidiary

 - iv. On completion of each financial year
- III. Atleast One **Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- IV. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on a quarterly basis.
- V. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on an half yearly basis.
- VI. The management shall on a periodic basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

5. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the Subsidiary; or
- c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary

Explanation: In case where divestment / sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal, no special resolution of the shareholders will be required to be passed.

6. 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 provisions of laws in force.
