

## **POLICY ON MATERIAL SUBSIDIARY**

### **1. Purpose:**

The Board of Directors (the “Board”) of Suzlon Energy Limited (the “Company”) has adopted this Policy on Material Subsidiary (the “Policy”) as required in terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) (erstwhile Clause 49 of the Equity Listing Agreement (“Clause 49”). The Board would review and amend / modify this Policy, as and when required.

This Policy is intended to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### **2. Definitions:**

**Audited Consolidated Financial Statements:** Audited Consolidated Financial Statements means consolidated financial statements of the Company and its subsidiaries, as the case may be and as may be required, for the immediately preceding accounting year, which have been audited by the statutory auditors of the Company.

**Material Subsidiary:** For the purpose of this Policy, a subsidiary shall be considered as Material Subsidiary if the income of the subsidiary as per its audited financial statements for the immediately preceding accounting year exceeds 20% of the consolidated income as per the Audited Consolidated Financial Statements.

A subsidiary shall be considered as a Material Subsidiary even if the total assets of the subsidiary as per its audited financial statements for the immediately preceding accounting year exceed 20% of the consolidated total assets as per the Audited Consolidated Financial Statements.

**Unlisted Material Subsidiary:** For the purpose of this Policy, a Material Subsidiary shall be considered as Unlisted Material Subsidiary, if its equity shares are not listed on any Stock Exchange.

**Significant transaction or arrangement:** 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 Material Subsidiary, as per its audited financial statements for the immediately preceding accounting year.

**Subsidiary:** As defined under Section 2(87) of the Act and the Rules made thereunder.

Words and expressions used and not defined in this Policy, but defined in the Act or any Rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Listing Regulations or in the Clause 49 or the Accounting Standards shall have the meanings assigned to them in those respective Regulations / Standards.

### **3. Requirements with reference to Material Subsidiary:**

- i) The Company, without prior approval of the shareholders by special resolution, shall not:
  - a) dispose of shares in the Material Subsidiary that reduces shareholding of Suzlon group to less than 50%; or

- b) undertake any activity which would result in cessation of control over the Material Subsidiary; or
- c) sell, dispose of or lease the assets amounting to more than 20% of the assets (on an aggregate basis during a financial year) of the Material Subsidiary as per its audited financial statements of the immediate preceding accounting year;

except in cases where such disinvestment / sale / disposal / lease as the case may be, is made under a scheme of arrangement duly approved by the Court / Tribunal.

- ii) At least one independent director on the Board of the Company will be appointed as a director on the Board of an Unlisted Material Subsidiary incorporated in India.
- iii) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Material Subsidiary on an annual basis.
- iv) The minutes / gist of meeting of the Board of the Unlisted Material Subsidiary shall be placed at the Board Meeting of the Company.
- v) The management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions or arrangements entered into by the Unlisted Material Subsidiary.
- vi) This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.