

## SUZLON ENERGY LIMITED

### POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

#### 1. Policy History

Date of Board approval	Particulars	Effective Date
27 <sup>th</sup> December 2014	Approval of the Policy in terms of the then applicable Clause 49 of the Listing Agreement	27 <sup>th</sup> December 2014
27 <sup>th</sup> March 2019	Approval of the Policy in terms of the amended Listing Regulations	1 <sup>st</sup> April 2019
28 <sup>th</sup> March 2022	Amendment to the Policy in terms of SEBI (Listing Obligation and Disclosure Requirements) (Sixth Amendment) Regulations, 2021	1 <sup>st</sup> April 2022
5 <sup>th</sup> April 2024	Review and amendment of the policy in terms of Listing Regulations	5 <sup>th</sup> April 2024

#### 2. Purpose of this Policy

- 2.1 Suzlon Energy Limited (“SEL or the “Company”) has adopted this Policy in terms of the requirements of the Companies Act, 2013 and the provisions of Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2.2 The purpose of this Policy is to lay down the procedures to determine materiality of a related party transaction and dealing with related party transactions.

#### 3. Applicability of this Policy

- 3.1 The Policy applies to Suzlon Energy Limited and its material subsidiaries.
- 3.2 This Policy shall be adopted by the Company’s subsidiaries other than material subsidiaries subject to suitable modifications, if and to the extent required by law.

#### 4. Definitions

- 4.1 “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- 4.2 “Accounting Standards” means accounting standards notified under Section 133 of the Act, as may be applicable to the Company.
- 4.3 “Audit Committee” means a Committee of Board of Directors of the Company, constituted in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.
- 4.4 “Applicable Laws” shall mean the Act and Rules made thereunder, the Listing Regulations (as defined hereafter), the Accounting Standards and / or such other Act, Rules or Regulations which are applicable to the Related Party Transactions.

- 4.5 “Board” or “Board of Directors” shall mean the Board of Directors of the Company.
- 4.6 “Company” or “SEL” shall mean Suzlon Energy Limited.
- 4.7 “Key Managerial Personnel” (“KMP”) means a person who is a KMP, as defined in sub-section (51) of Section 2 of the Act or KMP within the meaning of the Indian Accounting Standard 24 – Related Party Disclosures (“INDAS 24”).
- 4.8 “Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 4.9 “Material Modification” in terms of the Listing Regulations, and as approved by the Audit Committee, means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty per cent) or more, in the relevant previously approved related party transaction.
- 4.10 “Material Related Party Transaction” in terms of the Listing Regulations means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
- a. In case of transactions involving payments made to a Related Party with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
  - b. In case of any other transaction(s), if the amount exceeds Indian Rupees 1,000 Crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.
- 4.11 “Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Memorandum and Articles of Association of the Company.”
- 4.12 “Policy” or “this Policy” or “RPT Policy” shall mean this Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions.
- 4.13 “Related Party” or “Related Parties” with reference to the Company means a related party as defined in Section 2(76) of the Act and / or under the applicable Accounting Standards and / or under the Listing Regulations. Provided that: (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.
- 4.14 “Related Party Transaction” means a transaction as defined under the Act and / or the Listing Regulations.
- 4.15 Interpretation – In this Policy unless the contrary intention appears, words and expressions used and not defined in this Policy but defined in the Applicable Laws shall have the meanings respectively assigned to them in those Applicable Laws.

## **5. Review of the Policy and disclosure requirements**

- 5.1 This Policy has been implemented w.e.f. 27<sup>th</sup> December 2014 and has been subsequently amended from time to time with latest amendment effective from 5<sup>th</sup> April 2024.
- 5.2 This Policy shall be disclosed on the website of the Company and a weblink shall be provided in the Annual Report.
- 5.3 The Audit Committee and Board will review this Policy on a periodic basis to ensure its effectiveness and also compliance with the Act and the Listing Regulations provided however that this Policy shall be reviewed by the Audit Committee and Board at least once in every three years or within such period as may be prescribed under the Applicable Laws.
- 5.4 This Policy is subordinate to the Listing Regulations or other applicable statutory provisions including the Act and in the event of inconsistency between this Policy and the Applicable Laws (including due to subsequent amendments to the Applicable Laws), the provisions of the Applicable Laws will prevail.
- 5.5 To the extent any change or amendment is required due to change in the Applicable Laws, the Managing Director or the Chief Executive Officer of the Company shall be authorised to review and amend the Policy to give effect to any such changes or amendments. Such amended Policy shall be placed before the Audit Committee / Board for noting and necessary ratification.
- 5.6 The Board reserves any right to alter, modify, add, delete or amend any of the provisions of this Policy as long as such modification is within the provisions of the Applicable Laws.

## **6. Identification of Related Parties and Related Party Transactions**

- 6.1 In terms of the Act and the Listing Regulations, the Promoters, Directors and KMPs of the Company / its subsidiaries / joint ventures shall provide requisite information about his / her relatives and all firms, entities, body corporates in which such Promoter, Director or KMP is interested, whether directly or indirectly at the time of appointment and thereafter on annual basis or whenever there is any change in the information earlier provided.
- 6.2 Based on declarations / disclosures received from the Promoters, Directors and KMPs, from time to time as referred in Clause 6.1, the Company shall maintain a list of Related Parties in accordance with Applicable Laws. Upon receipt of declarations / disclosures as referred in Clause 6.1 and / or wherever required under the Applicable Laws, the Company shall update the list of Related Parties. The List of Related Parties (including those of the subsidiaries) shall be furnished to the concerned departments of the Company and those of its subsidiaries so that the relevant parties can identify potential related party transactions.
- 6.3 In the event that a proposed transaction is to be entered into with any of the parties identified as a Related Party in the list of the Related Parties, the proposed transaction shall be considered as a Related Party Transaction.

## **7. Manner of Dealing with Related Party Transactions**

- 7.1 Transactions between Related Parties shall be considered for an Arm's length evaluation prior to any decision on entering them. Arm's length transaction has been defined under Explanation (b) of Section 188 of the Act as the transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 7.2 In the absence of any guidance, Transfer pricing guidelines under the Income Tax Act, 1961, may be used for determining the appropriate method for determining arm's length price.
- 7.3 In situations, where it is not appropriate to determine the arm's length price through the methods prescribed by the Income-tax Act, 1961, reliance can be placed on expert valuation / obtained from an external agency.

## **8. Procedure for approval of Related Party Transactions in terms of the Act and the Listing Regulations**

### **8.1 Approval of the Audit Committee**

- a. All Related Party Transactions and subsequent material modifications (as defined above) shall require prior approval of the Audit Committee in the manner specified under the Act and the Listing Regulations provided that only those members of the Audit Committee, who are independent directors, shall approve the Related Party Transactions. Provided that the interested director(s) shall not be present in the meeting at the time of discussion and voting on the agenda item pertaining to approval of such Related Party Transaction in which he or she is interested.

Once a potential Related Party transaction is identified, the Group CEO / Group CFO would put a note with relevant information before the Audit Committee for its consideration and approval.

- b. The Related Party Transactions to which the subsidiary is a party but the Company is not a party shall require prior approval of the Audit Committee if its value, whether entered individually or taken together with previous transactions during a financial year exceeds:
- i. ten percent of the annual consolidated turnover of the Company as per its last audited financial statements
  - ii. with effect from 1<sup>st</sup> April 2023, ten percent of the annual standalone turnover of the subsidiary as per its last audited financial statements.

Provided that the Related Party Transactions to which the material subsidiary is a party but the Company is not a party and which transactions are below the limits mentioned hereinabove, shall be reported to the audit committee of the Company on a quarterly basis.

Provided that prior approval of the Audit Committee shall not be required for a Related Party Transaction to which the listed subsidiary (if any) is a party, but the Company is not a party, if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary. For related party transactions of

unlisted subsidiaries of a listed subsidiary as referred herein, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

- c. In terms of Regulation 23 of the Listing Regulations read with Rule 6A of the Companies (Meetings of Board and its Powers) Rule, 2014, the Company may obtain omnibus approval from the Audit Committee for any Related Party Transactions, except for the transactions in respect of selling or disposing of the undertaking of the Company, subject to compliances with the following conditions:
- i. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
  - ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
  - iii. The omnibus approval shall specify:
    - the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
    - the indicative base price / current contracted price and the formula for variation in the price, if any, and
    - such other conditions as the Audit Committee may deem fit.

However, in case of Related Party Transactions, which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 Crore per transaction.

- iv. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- v. Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

## 8.2 Approval of the Board

- a. All kinds of Related Party Transactions specified under Section 188 of the Act, which are material or otherwise, shall be placed before the Board for its approval provided that the interested director shall not be present in the board meeting at the time of discussions and voting on the agenda item pertaining to approval of such Related Party Transaction in which she / he is interested.

Provided that nothing in this sub-clause above shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

It is clarified that approval of the Board would be required in case of following transactions with Related Parties:

- i. Transactions not in the ordinary course of business but at arm's length,

- ii. Transactions in the ordinary course of business but not at arm's length,
  - iii. Transactions not in the ordinary course of business and not at arm's length,
  - iv. Transactions not approved by the Audit Committee, or in the opinion of the Audit Committee, need special consideration by the Board,
  - v. Transactions where it is mandatory under any law for the Board to approve such transaction or when the Board suo-moto choose to review such transaction.
- b. If the Board or Audit Committee is of the view that a particular Related Party Transaction should be brought before the Board for approval, then such Related Party Transaction should be specifically placed before the Board for its approval.

### **8.3 Approval of the Shareholders of the Company**

- a. If a Related Party Transaction is (i) a Material Related Party Transaction or (ii) is not in the ordinary course of business or (iii) is not at arms' length basis or (iv) exceeds the limits specified in Section 188 of the Act, then such Related Party Transaction and Material Modifications (as defined above) shall require prior approval of the shareholders of the Company by way of a resolution passed at the general meeting of the Company; and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.

Provided that prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the listed subsidiary (if any) is a party, but the Company is not a party, if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred herein, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that the requirements specified hereinabove shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

- 8.4 In terms of the Act, the requirement for seeking shareholders' approval shall not be applicable to transactions, may it be material or otherwise, between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

## **9. General provisions applicable on Audit Committee / Board / Shareholders approval**

- 9.1 In respect of the Related Party Transactions and in terms of Regulation 23(5), the provisions of Regulation 23(2) i.e. prior approval of the Audit Committee, 23(3) i.e. omnibus approval by the Audit Committee and 23(4) i.e. prior approval of the shareholders shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- 9.2 The approval of the Audit Committee can be obtained at the Meeting of the Audit Committee or by way of circular resolution subject to the provisions of the Act. The approval of the Board shall be obtained at the Meeting of the Board. In case of approval

by way of circular resolution, such approval must be ratified by the Board at its next meeting.

9.3 While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review one or more or all of the following documents / seek one or more or all of the following information, as the case may be, from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- a. Name of the related party and nature of relationship;
- b. Nature of the transaction, i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- c. Key terms (such as duration, price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- d. Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- e. Key covenants (commercial or non-commercial) as per the draft of the proposed agreement / contract to be entered into for such transaction;
- f. Any advance paid or received for the contract or arrangement, if any;
- g. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- h. Special terms covered / to be covered in separate letters or undertakings or any other special or sub-arrangement forming part of a composite transaction;
- i. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
  - i. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
  - ii. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
  - iii. management assessment of pricing terms and business justification for the proposed transaction;
  - iv. comparative analysis, if any, of other such transaction entered into by the Company.
- j. Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

The above list is only indicative in nature and depending upon the facts of the case, one or more or all or some other information may be called for / reviewed to determine if the transaction is in the ordinary course of business and at arm's length.

9.4 Appropriate disclosures as required under the Act / Listing Regulations / any other Laws shall be made at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed including Audit Committee and Board.

9.5 The Audit Committee / Board may seek external professional opinion, if required.

**10. Related Party Transactions not approved under this Policy**

- 10.1 In the event the Company becomes aware of a transaction with a Related Party (RPT) that has not been approved under this Policy, the same shall be promptly placed before the Audit Committee / Board / shareholders (as the case may be) for its consideration.
- 10.2 The Audit Committee / Board shall consider all of the relevant facts and circumstances relating to such RPT and decide such action as it may consider appropriate including but not limited to ratification, revision or termination of such Related Party Transaction in the best interest of the Company and in compliance with the Applicable Laws. Further, such RPT may be modified to make it acceptable for ratification, if permitted under Applicable Law or shall be voidable at the option of the Audit Committee / Board.
- 10.3 It shall be open to the Audit Committee to proceed against any director or any other employee who entered into such RPT in contravention with Applicable Laws and the Audit Committee will undertake any legal obligation the Company has under such case.
- 10.4 Audit Committee will examine the internal controls and the reasons for failure in reporting/ obtaining prior approval of such RPT and direct the management to strengthen the internal controls for dealing with RPTs.

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