

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”). The Board would review and amend / modify this Policy, as and when required. The Policy shall be effective from 1st April 2019.

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: Unless otherwise specified 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 10% 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 10% of the consolidated total assets as per the Audited Consolidated Financial Statements.

Subsidiary: As defined under Section 2(87) of the Companies Act, 2013 (the “Act”) as amended 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 the applicable Accounting Standards shall, as the context may require, have the meanings assigned to them in those respective Acts /Rules / 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 results in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - b) undertake any activity that results 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 last audited financial statements;

except in cases where such disinvestment (in case of (a) and (b) above), or sale / disposal / lease (in case of (c) above), as the case may be, is made under a scheme of arrangement duly approved by the Court / Tribunal or under a resolution plan duly approved under Section 31 of

the Insolvency Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

- 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, whether incorporated in India or not. For the purpose of this provision, a subsidiary shall be considered as ‘material subsidiary’ if the income or total assets of the subsidiary as per its audited financial statements for the immediately preceding accounting year exceed 20% of the consolidated income or total assets, as the case may be, as per the Audited Consolidated Financial Statements.
- iii) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on a periodic basis.
- iv) The minutes / gist of meeting of the Board of the unlisted subsidiary shall be placed at the Board Meeting of the Company.
- v) The management shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary. For the purpose of this provision, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary, as per its audited financial statements for the immediately preceding accounting year.
- vi) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit report and shall annex with its annual report, a secretarial audit report in the prescribed format given by a company secretary in practice.

POLICY HISTORY DETAILS

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Sr. No.	Date of Board approval	Particulars	Effective Date
1.	27 th December 2014	Approval of Policy in terms of the then applicable Clause 49 of the Listing Agreement	27 th December 2014
2.	12 th August 2016	Revision in criteria of identifying material subsidiary	12 th August 2016
3.	27 th March 2019	Revision in Policy in terms of amended Listing Regulations	1 st April 2019