

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

*[Pursuant to Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

### 1. Definitions

- a) **“Company”** means Cummins India Limited.
- b) **“SEBI LODR”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereof.
- c) **“Significant Transaction or Arrangement”** implies 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.
- d) **“Material subsidiary”** is a subsidiary whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- e) **“Subsidiary”** shall be as defined under the Companies Act, 2013 and the rules made thereunder.
- f) **Unlisted Material Subsidiary”** shall mean a Material Subsidiary, whether incorporated in India or outside India, which has not listed any of its specified securities on the recognized stock exchanges of the respective jurisdictions, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Any other term not defined herein, shall have the same meaning ascribed to it under the Companies Act, 2013 or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other relevant law / regulation applicable to the Company.

### 2. Purpose

The purpose of this Policy is determination of material subsidiaries of the Company and disclosures as required under SEBI LODR.

### 3. Objective

The objective of this Policy is to determine the meaning of material subsidiary of the Company and to provide a governance framework for such material subsidiaries.

#### - Governance Framework

##### i) **Significant Transactions / Arrangements of an unlisted subsidiary**

The management of the unlisted subsidiary should quarterly submit to the Board of the Company, a Statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.

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### **ii) Financial Statements and Minutes**

Quarterly / half yearly / Annual financial results/ statements of unlisted subsidiary in particular, the investments made by the unlisted subsidiary after the end of respective Quarter shall be placed for the Review of Audit Committee of the Company.

Minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed on quarterly basis for the review by Board of Directors of the Company

### **iii) Requirement of Independent Director on the Board of Material unlisted Subsidiaries**

At least one independent director on the Board of the company shall be a director on the Board of an unlisted material subsidiary, whether incorporated in India or not.

### **iv) Restriction on disposal of Shares of a Material Subsidiary by the Company**

The Company shall not dispose of shares in its Material Subsidiary, resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting, except in such cases where such divestment is 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) Restriction on transfer of Assets of a Material Subsidiary**

Selling, disposing and leasing of assets, amounting to more than twenty percent (20%) of the assets of a Material Subsidiary on an aggregate basis during a financial year, shall require prior approval of shareholders of the Company 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.

However, it shall not be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

### **vi) Disclosure requirements as may be applicable to the Company.**

As prescribed under Regulation 46(2) (h) of the SEBI LODR, this Policy shall be disclosed on the Company's website and the web link shall be provided in Annual Report.

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### **4. Amendments / modifications**

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the LODR or any other applicable law, which makes any of the provisions in this policy inconsistent with the Companies Act, 2013 or the LODR or such applicable law, the provisions of the Companies Act, 2013 or the LODR or such applicable law would prevail over the policy. Any subsequent amendment / modification in the LODR, the Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

### **5. Policy Review**

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.

Approved By: Board of Directors  
Amended and Effective Date: February 05, 2025

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