Mahindra EPC Irrigation Ltd.
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MAHINDRA EPC IRRIGATION LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Name of Document	Policy for determination of material subsidiaries
Version	4
State whether Policy/Code/Manual/ Guideline	Policy
Group Level/ Sector Level/ Company Level (Specify which sector)	Company Level
Issuing Authority	Board of the Company
Owner of the Document	Company Secretary and Compliance officer
Effective date of document	October 23, 2020
Release Date	October 15, 2026
Last amended on	October 15, 2026
Date of last review	October 15, 2026
Next review date	On or Before January 30, 2028
Version History	This policy was first approved by the Board of Directors on 23rd October, 2020 and was amended by the Board of Directors on January 31, 2023 and January 15, 2025

1. INTRODUCTION

The Board of Directors of Mahindra EPC Irrigation Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

2. OBJECTIVE

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

The Policy is framed in accordance with the requirements of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as "SEBI (LODR) Regulations" including any amendments thereof from time to time for the purpose of determination of Material Subsidiaries and their governance.

3. DEFINITIONS

i. **"Audit Committee or Committee"** means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

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ii. **"Board of Directors"** or **"Board"** means the Board of Directors of Mahindra EPC Irrigation Limited, as constituted from time to time.

iii. **"Company"** means Mahindra EPC Irrigation Limited.

iv. **"Control"** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

v. **"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 SEBI (LODR) Regulations.

vi. **"Policy"** means this Policy, as amended from time to time.

vii. **"Significant Transaction or Arrangement"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the
   a. total revenues; or
   b. total expenses; or
   c. total assets; or
   d. total liabilities; as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.

viii. **"Subsidiary"** shall have the same meaning as defined under Section 2(87) of the Companies Act, 2013.

ix. **"Material Subsidiary"** shall mean a subsidiary, whose turnover or net worth exceeds 10 (Ten) percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

x. **"Secretarial Auditor"** means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

xi. **"Peer Reviewed Company Secretary"** means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (LODR) Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

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4. POLICY

i. A list of Material subsidiaries shall be presented to the Audit Committee annually for its noting.

ii. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.

iii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board Meeting of the Company.

iv. The management of an unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

The Company and its unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified, from time to time.

Note: the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten (10) percent 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.

5. REQUIREMENT REGARDING MATERIAL SUBSIDIARY/SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:

i. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
ii. cease the exercise of control over the material subsidiary or
iii. sell, dispose or lease the assets amounting to more than 20% of the assets of the
iv. material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment/ 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. Nothing contained herein shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

Provided that, where a wholly owned subsidiary sells, leases or otherwise disposes of the whole or substantially the whole of an undertaking received from the Company, whether in whole or in part, to any other entity, the Company shall, prior to such sale, lease or disposal, comply with the requirements specified under Regulation 37A(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

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Provided further that, the Company shall comply with the requirements specified under Regulation 37A(1) before diluting its shareholding below one hundred percent in a wholly owned subsidiary to which the whole or substantially the whole of an undertaking of the Company has been transferred.

Explanation: The provisions of this regulation shall not be applicable where sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of a listed entity is by virtue of a covenant covered under an agreement with a financial institution regulated by or registered with the Reserve Bank of India or with a Debenture Trustee registered with the Board

Note:
i. Nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed entity.
ii. Where the Company has a listed subsidiary, which itself is a holding company, the provisions of this Regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

6. REQUIREMENT REGARDING UNLISTED MATERIAL SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the unlisted material subsidiary whether incorporated in India or not.

The criteria for determining material subsidiary shall be as per SEBI (LODR) Regulations updated from time to time.

For the purpose of this clause, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty (20) percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

7. Secretarial Audit and Secretarial Compliance Report

The Company and its material unlisted subsidiary(ies) Company incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in Form MR-3 as specified under the Companies Act, 2013, with the annual report of the listed entity.

The eligibility, qualifications and disqualifications criteria of the Secretarial Auditor shall be referred to as per Regulation 24A of the SEBI (LODR) Regulations, 2015, and other applicable regulations, if any, along with the provisions of the Companies Act, 2013.

8. AMENDMEND

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

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9. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and SEBI (LODR) Regulations / Companies Act, 2013 or any other statutory enactments, rules, or statutory enactments, rules shall prevail over this Policy.

10. DISSEMINATION OF POLICY

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

11. REVIEW OF THE POLICY

The Audit Committee may monitor and review the Policy at such intervals as may be identified by the Board of Directors and recommend the necessary changes to the Board for its approval.

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