



POLICY ON DETERMINING MATERIAL SUBSIDIARY – JAIN IRRIGATION SYSTEMS LIMITED

AMENDED AND APPROVED ON 23rd July, 2024

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OWNER OF THE POLICY & CHIEF COMPLIANCE OFFICER: MR. A.V. GHODGAONKAR

POLICY ON DETERMINING “MATERIAL” SUBSIDIARIES

1. INTRODUCTION:

The Board of directors (the “**Board**”) of Jain Irrigation Systems Ltd. (the “**Company**”) has adopted the following policy and procedures with regard to determination of “**material subsidiaries**” as defined below. The Board may review and amend this policy from time-to-time.

This policy is framed pursuant to the applicable law and where this policy is inconsistent in any manner with the Applicable Law; the said Law shall apply and override the corresponding provisions of this Policy.

2. POLICY OBJECTIVE:

The objective of the policy is to determine the “**material subsidiaries**” of the Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS:

- “**Applicable Law**” shall mean the Companies Act, 2013, and the LODR Regulations as amended from time to time.
- “**Audit Committee or Committee**” means “audit committee” constituted by the Board of directors of the Company, from time-to-time, under provisions of the Applicable Law.
- “**Board of Director**” or **Board** means the Board of directors of Jain Irrigation Systems Ltd., as constituted from time-to-time.
- “**Chief Financial Officer**” (“**CFO**”) means a person appointed as the Chief Financial Officer of the Company.
- “**Company**” means a company incorporated under the Companies Act, 2013 or under any previous Company law. Unless the context requires otherwise, Company shall mean Jain Irrigation Systems Limited.
- “**Independent Director**” means a director of the Company, who satisfies the conditions of being an Independent Director as laid down in the Applicable Law.
- “**LODR Regulations**” shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended up to date.

- **“Policy”** means this policy on material subsidiary.
- **“Material Non-Listed Indian Subsidiary” or “Subsidiary”** means an unlisted subsidiary, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- **“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 for the immediately preceding accounting year.
- **“Subsidiary”** has the meaning as assigned to it under the Companies Act, 2013 and the rules framed thereunder.

4. POLICY:

1. A subsidiary shall be considered material if, its turnover or net worth exceeds 10 per cent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
2. At least one Independent Director on the Board of Directors of the listed entity shall be a director on the Board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds **twenty percent** of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
4. The minutes of the Board meetings of the unlisted subsidiary companies shall be placed at the Board meeting of the Company.
5. The management of unlisted subsidiary company should periodically bring to notice of the Board a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.

6. The Management shall present to the Audit Committee annually the list of such material subsidiaries together with the details of the material transactions as defined under Applicable Law. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the material non-listed Indian subsidiary.
7. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit as referred under regulation 24A of SEBI (LODR), 2015 by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the secretarial audit report shall be annexed with the annual report of the Listed Entity.

Explanation:

- (i) “Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary (ies) in practice appointed to conduct the Secretarial Audit.
 - (ii) “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.
8. Furthermore, where the Company has a listed subsidiary which is itself is a holding Company; the above clauses of policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

5. DISPOSAL OF MATERIAL SUBSIDIARY:

- The listed entity, without the approval of the members by special resolution in its general meeting, shall not:
 - a. dispose shares in its material subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty per cent); or
 - b. cease the exercise of control over the material subsidiary.

However, the aforesaid restrictions shall **not apply** where such divestment is made:

- i. under a scheme of arrangement duly approved by a Court/Tribunal; or
- ii. under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016,

Provided such an event is disclosed to the recognized stock exchanges within

one day of the resolution plan being approved.

- Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders 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.
- Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

6. DISCLOSURES:

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the annual report.

For Jain Irrigation Systems Ltd.



A V Ghodgaonkar

Company Secretary

Date: 23rd July, 2024