



JAIKISAN AGROTECH INDIA LIMITED

(Formerly known as Jaikisan Agrotech India Private Limited)

CIN : U24290MH2021PLC366463

AN ISO 9001:2015 CERTIFIED COMPANY

Mfg. Company of Pesticides | Fertilizers | Micronutrients | Biostimulants & Seeds

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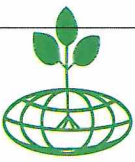
REGISTERED OFFICE: Office No. C-28/C-29, Third Floor, Prozone Trade Center, Chikalthana
Industrial Area, Aurangabad, Aurangabad, Maharashtra, India, 431006

Tel No: 0240-2980504; Email: mnalkar48@gmail.com

WEBSITE: www.jaikisanagrotech.com

MATERIALITY POLICY FOR IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATION





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This materiality policy ("Policy") has been formulated to define the respective materiality thresholds in respect of Jaikisan Agrotech India Limited (the "Company"), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) ("SEBI ICDR Regulations").

1. INTRODUCTION

- a) This materiality policy ("Policy") has been formulated for the identification of group companies, outstanding litigation and outstanding dues to creditors in respect of Jaikisan Agrotech India Limited ("Company"), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), which requires the policy of materiality to be disclosed in the offer document.
- b) This Policy shall be effective from the date of approval of the Policy by the board of directors of the Company ("Board").
- c) In this Policy, the term "Offer Documents" shall mean the Draft prospectus and the prospectus to be filed and/or submitted by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, the Registrar of Companies and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalized terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

2. IDENTIFICATION OF 'MATERIAL' GROUP COMPANIES

1. REQUIREMENT

As per the SEBI ICDR Regulations, the term "Group Companies", shall include such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer (Company);

2. POLICY ON MATERIALITY

Based on the above-stated definition:

- i. companies disclosed as related parties in accordance with the relevant accounting standard, i.e. Accounting Standard – 18, in the latest standalone and consolidated financial statements of the Company will be treated as Group Companies, irrespective of whether the Company has had any transaction with the related party;
- ii. for the purpose of the Offer Documents, a company shall be considered 'material' and will be disclosed as a 'Group Company' in the Offer Documents, if:

such company forms part of the Promoter Group and the Company has entered into one or more transactions with such company that, individually or cumulatively exceed 10% of the total standalone revenue of the Company for each of the last two financial years and the stub period in respect of which, such financial statements are





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included in the Offer Documents, (such period collectively referred to as the "Relevant Period"); and/ or

- iii. such company, subsequent to the Relevant Period, would require disclosure in the standalone financial statements of the Company for subsequent periods as entities covered under Accounting Standard 18, in addition to/ other than those companies covered under the schedule of related party relationships in terms of Accounting Standard 18 in the standalone and consolidated audited financial statements of the Company for the Relevant Period.

For avoidance of doubt, it is clarified that (i) the Subsidiary of the Company; and (ii) any companies which, subsequent to the Relevant Period, have ceased to be related parties of the Company in terms of Accounting Standard 18 solely on account of there being no significant influence/ control over such company in terms of Accounting Standard 18 after the Relevant Period shall not be considered as 'Group Companies', for the purpose of disclosure in the Offer Document.

3. IDENTIFICATION OF MATERIAL CREDITORS

As per the requirements of SEBI ICDR Regulations, the Company is required to disclose in the Draft Prospectus / Prospectus, the details of the outstanding dues to creditors:

- i. Based on the policy on materiality of our Board, complete disclosure for such creditors; and
- ii. Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved; and
- iii. Additionally, our Company is required to provide complete details about outstanding dues to creditors as per (i) and (ii) above on the webpage of our Company with a web link thereto in the Draft Prospectus / Prospectus.

The identification of small-scale undertakings shall be based on declarations received under the Micro, Small and Medium Enterprises Development Act, 2006.

Policy on materiality:

For identification of material creditors, any creditor of the Company shall be considered to be material, if the amount due to any one of them exceeds ten per cent (10%) of total trade payables as per the last audited financial statements of the Company.

4. IDENTIFICATION OF 'MATERIAL' LITIGATION

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of litigation involving the Company/ Directors/ Promoters/ Promoter Group/ Group Companies/ Key Managerial Personnel/ Senior Management/Subsidiaries:

- i. All pending criminal litigation;
- ii. All actions taken by statutory or regulatory authorities;
- iii. Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- iv. Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;
- v. All material civil litigation





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All criminal proceedings involving key managerial personnel and senior management of the issuer and also the actions by regulatory authorities and statutory authorities against such key managerial personnel and senior management of the Company.

Policy on materiality:

Other than litigations mentioned in paragraphs 4 (i), (ii) (iii) and (iv) above, any pending litigation involving the Company, its Directors, its Promoters and Group Companies shall be considered as "Material Litigation" for the purpose of disclosure in the Offer Documents based on any other pending litigation shall be considered material if the amount involved exceeds the lower of the following thresholds:

- i. As per the policy of materiality defined by the board of directors and disclosed in the offer document; or
- ii. If the value or expected impact in terms of value, exceeds the lower of the following:
 - a. two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer; or
 - b. two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or
 - c. five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the issuer.

The Board may, in its discretion, disclose any other litigation as material if it considers the same necessary in the interest of investors

It is clarified that apart from as set forth in this paragraph, the disclosures on outstanding litigation in the Offer Documents will also include disclosures as specified in the Companies Act, 2013 and rules made thereunder. Further, pre-litigation notices received by the Company, Subsidiary, Directors, Promoters or the Group Companies shall not be considered as litigation until such time that any of the Company, Subsidiary, Directors, Promoters or Group Companies, as the case may be, is made a party to litigation proceedings initiated before any judicial forum.

The Board reserves the right to amend, modify or revise this Policy in line with regulatory changes.

