



**POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS – JAIN  
IRRIGATION SYSTEMS LIMITED**

**AMENDED AND APPROVED ON 23<sup>rd</sup> July, 2024**

**(Version: 2.0 July, 2024)**

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

## **POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS**

### **1. TITLE:**

This policy shall be called **"RPT Policy on materiality and dealing with related party transactions."**

### **2. COMMENCEMENT:**

The Policy, having been approved by the Audit Committee and the Board of Directors, is already in effect.

### **3. OBJECTIVES:**

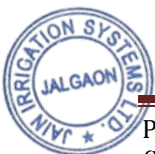
Related party transactions have been one of the major areas of focus for the Corporate Governance reforms being initiated by Indian Legislature through Companies Act, 2013 and rules framed thereunder.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and Regulation 23(1) of SEBI (LODR) Regulations, 2015 require the companies to have enhanced transparency and due process for approval of the Related Party Transactions (RTP).

One of such requirements is that companies are required to formulate a policy on materiality of related party transactions and also on dealing with related party transactions.

### **4. DEFINITIONS:**

- **Arm's length transaction** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest and no relationship interse.
- **Ordinary course of business** the phrase "ordinary course of business" will cover the usual transactions, customs and practices of a business and of a company. For this purpose, the guidance to auditors by, the Institute of Chartered Accountants of India may be considered. The guidance has included following few examples of transactions that are considered outside the entity's normal (or ordinary) course of business:
  - Complex equity transactions, such as corporate restructurings or acquisitions.
  - Transactions with offshore entities in jurisdictions with weak corporate



laws. The leasing of premises or the rendering of management services by the entity to another party if no consideration is exchanged.

- Sales transactions with unusually large discounts or returns.
- Transactions with circular arrangements, for example, sales with a commitment to repurchase.
- Transactions under contracts whose terms are changed before expiry.

The assessment of whether a transaction is in ordinary course of business is very subjective, judgmental and can vary on case-to-case basis giving consideration to nature of business and objects of the entity. The purpose of making such assessment is to determine whether the transaction is usual or customary to the company and/ or its line of business. Companies should consider variety of factors like size and volume of transactions, arms-length, frequency, purpose, etc., to make this assessment.

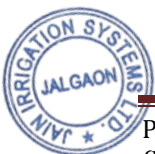
- **Audit Committee** means the audit committee of the Board of Directors of Jain Irrigation Systems Ltd.
- **Board** means the Board of Directors of Jain Irrigation Systems Ltd.
- **Company** means Jain Irrigation Systems Ltd.
- **Material Related Party Transaction** shall be a transaction with a related party as specified under SEBI (LODR) Regulations 2015 and as amended from time to time. Accordingly, transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.
- **Policy** means this policy, as amended from time-to-time.
- **Related Party** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013, or under the applicable accounting standards or under Regulation 2(1) (zb) of SEBI (LODR) Regulations 2015 as amended from time to time.
- **Related party transaction** in relation to the Company means a transaction which is:
  - a) a transfer of resources, services or obligations between the Company and related party regardless of whether a price is charged;
  - b) a contract or arrangement with a related party with respect to-



- i. sale, purchase or supply of any goods or materials;
  - ii. selling or otherwise disposing of, or buying, property of any kind;
  - iii. leasing of property of any kind;
  - iv. availing or rendering of any services;
  - v. appointment of any agent for purchase or sale of goods, materials, services or property;
  - vi. such related party's appointment to any office or place or profit in the Company, its subsidiary company or associate company; and
  - vii. underwriting the subscription of any securities or derivatives thereof, of the Company.
- c) Defined as a "Related party transaction" under the relevant provisions of the Companies Act, 2013 or SEBI (LODR) Regulations, 2015 or any other related law, regulation, standard etc.
- **"Related party transaction"** shall be as per Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015. Accordingly, a related party transaction is a transaction involving transfer of resources, services, or obligations between:
    - a. listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
    - b. listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, regardless of whether a price is charged.

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract. Provided that the following shall not be a related party transaction:

    - a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
    - b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
      - i. payment of dividend.
      - ii. subdivision or consolidation of securities.
      - iii. Issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.
  - **"Transaction"** with a related party shall be construed to include a single transaction or a group of transactions. All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and



the Rules thereunder and SEBI (LODR) Regulations 2015, as amended from time to time.

## **5. APPLICABILITY:**

This policy shall be applicable to all the related party transactions entered in to by the Company except the following:

- a) Loans/advances given to a related party, already approved and in place before 1<sup>st</sup> October, 2014.
- b) Guarantee given or security provided in connection with a loan to a related party and in place before 1<sup>st</sup> October, 2014.
- c) Investment(s) made in a related party and in place before 1<sup>st</sup> October, 2014.
- d) Transfer/assignment of obligation under an existing contract/arrangement with a related party to some other person or related party and in place before 1<sup>st</sup> October, 2014.
- e) Transfer of resources assigned to one related party contract/arrangement to another related party contract/arrangement and in place before 1<sup>st</sup> October, 2014.
- f) Omnibus approval given by Audit Committee in each FY for transaction with Wholly Owned Subsidiaries.

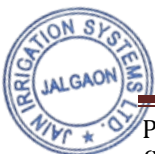
Provided that in case of (d) and (e) above, the transfer, amendment, cancellation, etc., does not result into writing off of any amount paid by the Company or enhancement of amount payable by the Company under the said contract/arrangement or reduction in the amount payable to the Company under the said contract/arrangement or waiver of any right with adverse financial implications for the Company.

## **6. APPROVAL OF RELATED PARTY TRANSACTIONS:**

- a) All related party transactions shall require prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution.

[Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.]

- b) All “material related party transactions” shall require prior approval of the Shareholders through Special Resolution or in such manner as required under law. However, the same shall be put up to the Board for its approval at its meeting before the approval of shareholders.

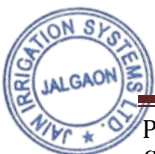


- c) In case of related party transaction which is not in the ordinary course of business or which is in the ordinary course of business but is not an arm's length transaction, whether or not it is a material related party transaction, prior approval of the Board granted at the meeting of the Board and prior approval of Shareholders of the company by a Special Resolution shall be necessary if transaction is threshold as follows is being exceeded in a Financial Year:

S. No	Specified RPT(s) u/s 188(1) of the Companies Act, 2013	Threshold limits for approval of Shareholders
a	sale, purchase or supply of any goods or materials, directly or through appointment of agent,	Amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.
b	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.
c	leasing of property of any kind	Amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188 of the Companies Act, 2013.
d	availing or rendering of any services, directly or through appointment of agent	Amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act, 2013.
e	such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding two and a half lakh rupees.
f	remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding one percent of the net worth.

**Explanation(s):**

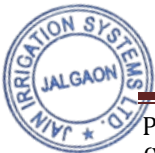
- Limits specified in sub-clauses a) to d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- Turnover or net worth shall be computed on the basis of the audited financial statement of the preceding financial year.



- d) In case of wholly-owned subsidiary, the unanimous resolution passed by the Board shall be sufficient for the purpose of entering into the transactions between Wholly-Owned Subsidiary and the Company.
- e) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- f) remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.
- g) Where any Director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relation to such contract or arrangement.
- h) The related parties shall abstain from voting as Shareholders in case of related party transactions which require the approval of Shareholders.

## **7. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS:**

- a) A list of all the related parties in relation to the Company shall be provided by the Company Secretary to all the concerned departments, and updated from time-to-time.
- b) Every department, prior to entering in to any contract or arrangement with a related party, shall fill the details of the contract or arrangement in the format enclosed as an annexure to the Policy and submit the same to the Company Secretary.
- c) The Company Secretary shall, within reasonable time (a week) of submission of details, convey to the concerned department the approvals required if any for the contract/arrangement and approximate time within which such approval can be obtained.
- d) The Company Secretary may ask for further information about the contract/arrangement, if felt necessary, to determine the nature/type of transaction.



- e) The contract/arrangement shall not be entered into without the necessary approval from the Audit Committee/Board/Shareholders, if such prior approvals are necessary under the policy.
- f) The Company Secretary shall arrange for the approval of the audit committee/Board/Shareholders, as may be necessary and upon receipt of necessary approvals, convey the same to the concerned department.

## **8. AMENDMENTS:**

The Board of Directors shall have the power to amend any of the provisions of this policy, substitute any of the provisions with a new provision or delete a provision or replace this policy entirely with a new policy.

## **9. INTERPRETATION:**

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or ruled made thereunder, SEBI Act or rules/Regulations made thereunder, Accounting Standards or any other relevant legislation/law applicable to the Company.
- b) The reference to the male gender in the policy shall be deemed to include a reference to female gender.
- c) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the Officers of the Company or an outside expert as it deems fit.

## **10. REVIEW OF THE POLICY**

The Policy and its material threshold limits shall be reviewed and approved by the Board of Directors of the Company at least once in every three years, or at a frequently as may be prescribed under the applicable regulations or best practices and updated accordingly.

**For Jain Irrigation Systems Ltd.**

  
Anil B. Jain

**Vice Chairman & Managing Director**

**Date:** 23rd July, 2024



## **Annexure I**

### **JAIN IRRIGATION SYSTEMS LIMITED**

#### **FORMAT FOR REPORTING OF RELATED PARTY TRANSACTIONS**

Name of the Department	:	
Name and designation of the person submitting the form	:	
Name of the related party	:	
Nature of relationship of the related party with the Company	:	
Brief description of the contract/arrangement	:	
Total value of the contract/arrangement in Indian rupees	:	
Duration of the contract/arrangement	:	
Advance paid/received if any	:	
Other material terms of the contract/arrangement	:	
Manner of determining commercial terms including pricing	:	
Details of the factors relating to the contract/arrangement not considered, if any, and rationale for the same	:	
Whether the contract/arrangement shall be considered an 'arm's length transaction' under the policy. If yes then reasons/rationale therefor.	:	
Any other relevant/important information relating to the contract/arrangement which the submitter may like to provide.	:	
Sign	:	
(Name of the submitter)	:	
Date	:	
(To be filled in by the Company Secretary)		
Date of the approval by the audit committee	:	
Date of the approval by the Board	:	
Date of the approval by shareholders	:	

