

JAGATJIT AGRI ENGINEERING LIMITED

(formerly Jagatjit Agri Engineering Private Limited and Jagatjit Agri India Private Limited)

IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS

[Pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018]

JAGATJIT AGRI ENGINEERING LIMITED

CIN: U29300PB2020PLC051718

Registered Office: LUDHIANA MALERKOTLA ROAD, DEHLON, LUDHIANA, PUNJAB 141118, INDIA

JAGATJIT AGRI ENGINEERING LIMITED

IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS

A. INTRODUCTION

This policy has been formulated to define the materiality for identification of group companies, outstanding material litigation and outstanding dues to material creditors in respect of Jagatjit Agri Engineering 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 may be amended ("**SEBI ICDR Regulations**").

B. APPLICABILITY AND OBJECTIVE

This policy shall be called the '**Policy on Identification of Group Companies, Material Creditors and Material Litigations**' ("**Policy**").

The Board of Directors of the Company ("Board") at their meeting held on September 18, 2026 discussed and approved this Policy. This Policy shall be effective from the date of approval of this Policy by the Board.

The Company has adopted this Policy for identification and determination of:

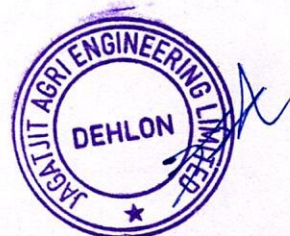
- i. material creditors;
- ii. material litigations; and
- iii. group companies pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the offer documents.

In this Policy, the term "**Offer Documents**" shall mean the draft red herring prospectus, the red herring prospectus and the prospectus to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, Registrar of Companies, Chandigarh ("**RoC**"), BSE Limited and National Stock Exchange of India Limited, ("**the Stock Exchanges**") where the equity shares of the Company are proposed to be listed, as applicable.

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

In this Policy, unless the context otherwise requires:

- (i) Words denoting the singular shall include the plural and vice versa;
- (ii) References to the words "include" or "including" shall be construed without limitation.



C. POLICY PERTAINING TO THE IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS

The Policy with respect to the identification of the group companies, material creditors and material litigation shall be as follows:

Identification of 'Material' Group Companies:

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than promoters and subsidiary/subsidiaries) with which there were related party transactions as covered under the applicable accounting standards, as applicable, as per the restated financial statements included in such Offer Document and also any other companies as considered material by the Board.

Policy on Materiality:

A company shall be considered material and disclosed as a 'Group Company' in the Offer Document if (i) covered under the schedule of related party transactions (other than the corporate promoter and subsidiaries) as described under Ind AS 24 as per the restated consolidated financial statements being included in the Offer Documents and (ii) other "material" group companies as considered by the Board of Directors (other than those covered under the schedule of related party transactions as per the restated financial statements) shall be considered as Group Companies of the Company, for purposes of disclosure in the Offer Documents.

In addition, for the purpose of (ii) above, a company (other than the corporate promoter, subsidiaries and companies categorised in (i) above) will be considered material and shall be disclosed as a group company in the Offer Documents if: (a) such company is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and (b) the Company has entered into one or more transactions with such company during the last fiscal year and stub period, as applicable, in respect of which restated consolidated financial information is included in the Offer Documents, which cumulatively exceeds 10% of the total revenue of the Company for such period derived from the restated consolidated financial information.

For avoidance of doubt, it is hereby clarified that the promoters and subsidiaries of the Company, shall not be considered as Group Companies for the purpose of disclosure in the Offer Documents.

It is further clarified that, a Company which was a subsidiary in any of the financial years as included in the Restated Consolidated Financial Information but has ceased to be a subsidiary of the Company post such financial year as included in the Restated Consolidated Financial Information, shall be considered as a group company of the Company if it continued to be a related party post ceasing to be a subsidiary and there were related party transactions with such



company as included the Restated Consolidated Financial Information disclosed in the Offer Documents.

Identification of Material Creditors

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents and on the website of the Company for outstanding dues to material creditors:

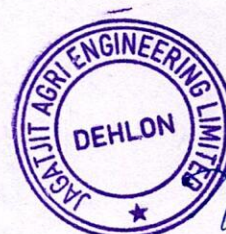
- (i) Based on the policy on materiality defined by the Board and as disclosed in the Offer Document, disclosure for such creditors which include the consolidated number of creditors and the aggregate amount involved;
- (ii) Consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved; and
- (iii) Complete details about outstanding over dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a web link thereto in the Offer Documents.

Policy on materiality:

For identification of material creditors, in terms of point (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor is equal to or in excess of 5% of the total restated consolidated trade payables of the Company as at the latest financial period included in the Restated Consolidated Financial Information, as disclosed in the Offer Documents.

Disclosures in the Offer Documents regarding material creditors

- (i) For creditors identified as 'material' based on the abovementioned Policy, information on outstanding dues to such material creditors shall be disclosed in the Offer Documents along with the details of the material creditors, which include the consolidated number of creditors and amount involved on an aggregate basis, as of the date of the latest restated consolidated financial statements included in the Offer Documents.
- (ii) For outstanding dues to micro, small and medium enterprises ("**MSMEs**"), the disclosure will be based on information available with the Company regarding the MSME status of the creditors as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended. Such information has been relied upon by the statutory auditors in preparing their audit report. Details relating to identified MSMEs creditors shall be provided in the Offer Documents in the following manner:



- a. aggregate amounts due to such MSME creditors; and
- b. aggregate number of such MSME creditors.

as of the date of the latest restated financial statements included in the Offer Document.

- (iii) Complete details about outstanding dues to the material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of our Company with a web link in the Offer Documents.

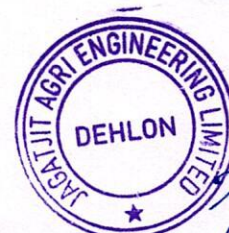
The Company shall make relevant disclosures before the Audit Committee/ Board as required by applicable law from time to time.

Identification of Material Litigations

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its subsidiaries, promoters and directors ("Relevant Parties") related to:

- (i) All outstanding criminal proceedings including matters which are at first information report stage whether cognizance has been taken or not by any court or judicial authority involving the Relevant Parties;
- (ii) All outstanding actions (including all penalties and show cause notices) by statutory / regulatory authorities, including notices by such authorities (including any judicial, quasi-judicial, administrative authorities or enforcement authorities);
- (iii) Disciplinary action including penalty imposed by SEBI or any Stock Exchanges against the Promoters in the last five financial years preceding the relevant Offer Document as well as in the current year in which the relevant Offer Document is getting filed, including outstanding action;
- (iv) Outstanding taxation proceedings involving the Relevant Parties - disclosures regarding claims related to direct and indirect taxes, in a consolidated manner, giving details of the number of cases and total amount involved. In the event any tax matters involve an amount exceeding the threshold proposed in (v) below, in relation to the Relevant Parties, individual disclosures of such tax matters will be included; and
- (v) Other pending litigations/ arbitration proceedings involving the Relevant Parties based on lower of threshold criteria mentioned below:
 - a) As per the policy of materiality defined by the board of directors of the Company and as disclosed in the Offer Documents; or
 - b) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - 1. two percent of turnover, as per the latest annual Restated Consolidated Financial Information; or



2. two percent of net worth, as per the latest annual Restated Consolidated Financial Information, (except in case the arithmetic value of the net worth is negative); or
3. five percent of the average of absolute value of profit or loss after tax, as per the last three annual Restated Consolidated Financial Information.

As per the SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the key managerial personnel and senior management of the Company:

- (i) all criminal proceedings including matters which are at first information report stage whether cognizance has been taken or not by any court or judicial authority; and
- (ii) all outstanding actions by regulatory authorities and statutory authorities, including notices by such authorities (including any judicial, quasi-judicial, administrative authorities or enforcement authorities).

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose any outstanding litigation (involving first information report) involving the group companies, which may have a material impact on the Company.

Note:

With respect to outstanding litigations involving the Group Companies, only such outstanding litigations shall be disclosed in the Offer Documents, that could have a material impact on the Company in the opinion of the Board. All Group Companies are required to identify in their certificates pending litigation involving such companies which are considered material by the respective Group Company and which, in their view may have a material impact on the Company. Having received details of such litigation from the Group Companies, the Company (acting through its Board/ IPO Committee) will determine which of such identified litigation may have a material impact on the Company including on its business, prospects, operations, performance, financial position or reputation of the Company.

Policy on materiality:

For the purposes of determining litigation / arbitration proceedings referred to in point (v) above, the following criteria shall apply:

- (a) Monetary threshold: For the purpose of this policy, pending civil cases involving the Relevant Parties in which the aggregate monetary amount of claim / dispute made by or against the Relevant Parties in any such pending proceeding / arbitration to the extent quantifiable, is the lower of: a) two percent of turnover, as per the latest annual restated consolidated financial information; or (b) two percent of net worth, as per the latest restated consolidated financial information; or (c) five percent of the average of absolute value of profit or loss after tax of the Company on a consolidated basis, as per the last three financial years restated consolidated financial information, included in the Offer Documents ("Materiality Threshold"). Accordingly, the aggregate monetary amount of claim by or against the Relevant Parties in any such



pending proceeding exceeding the Materiality Threshold, as per the restated consolidated financial information included in the Offer Documents; or

- (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed the amount determined as per clause (a) above, and the amount involved in all of such cases taken together exceeds the amount determined as per clause (a) above; and

where the monetary liability is not quantifiable, or any such litigation which does not meet the criteria set out in (a) above involving the Relevant Parties, whose outcome, directly or indirectly, or together with similar other proceedings in the opinion of the Board would materially and adversely affect the business, operations, prospects, financial position, cash flows, or reputation of the Company.

Tax matters: In the event any tax matters involve an amount exceeding the monetary threshold proposed in (a) above, in relation to the Relevant Parties, individual disclosures of such tax matters will be included.

Additional threshold: there are any findings or observations arising out of any of the inspections by the Securities and Exchange Board of India or by any other regulator in or outside India, which are outstanding

Further, pre-litigation communications including notices received by the Relevant Parties from third parties (excluding those notices issued by statutory / regulatory / tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as material litigation, until such time that the Relevant Party, as the case may be, is impleaded as a defendant in litigation / proceedings/ investigation/ regulatory action before any legal / judicial / quasi-judicial / arbitral forum, tribunal or governmental authority or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

D. GENERAL

It is clarified that the Policy is solely for the purpose of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents, and should not be applied towards any other purpose, including for disclosure of material information / event by listed entities pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.



The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other regulatory, judicial, quasi-judicial, governmental, administrative or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints.

E. AMENDMENT

The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

