

# **POLICY ON MATERIALITY**

This materiality policy ("the Policy") has been formulated for the identification of group companies, outstanding litigation and outstanding dues to creditors in respect of **Shreni Shares Limited** ("the Company"), pursuant to the disclosure requirements under Schedule VIII 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.

This Policy shall be effective from the date of approval of the Policy by the board of directors of the Company ("Board").

In this Policy, the term "Offer Document" 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 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.

## **A. LITIGATIONS**

The Company shall disclose all criminal proceedings, all actions by regulatory and statutory authorities, all disciplinary actions including penalty imposed by Securities Exchange Board of India or stock exchanges against the promoters in the last five financial years including outstanding action and claims relating to direct and indirect taxes involving the issuer, its directors, its promoters and its group companies.

In view of the nature and extent of operations of the Company, its directors, its promoters and its group companies, the outstanding litigations involving the Company, its directors, its promoters and group companies shall be considered material if:

- a) the aggregate monetary claim made by or against the Company, its directors and its promoters as the case may be, in any such pending litigation or arbitration proceeding is in excess of 10% of the revenue of the Company as per the last audited financial statements of the Company for the most recently completed financial year which are disclosed in the Offer Documents in relation to the proposed initial public offering of the equity shares of the Company; or
- b) in such litigation or arbitration proceeding where the monetary liability is not quantifiable, or which does not fulfill the threshold specified in (a) above, the outcome of which litigation or arbitration proceeding could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company”

## **B. GROUP COMPANIES**

Group Company(ies) shall be considered to be material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the revenue of the Company as per the last audited financial statements of the Company for the most recently completed financial year which are disclosed in the Offer Documents in relation to the proposed initial public offering of the equity shares of the Company. The Company shall make relevant disclosure before the Audit Committee/ Board as required by the applicable law.

## **C. OUTSTANDING DUES TO CREDITORS**

The Company shall make relevant disclosures in the offer document for such creditors as referred hereunder;

In view of the nature and extent of outstanding dues of the Company and the nature and extent of the business operations undertaken by the Company, the dues owed by the Company to any creditor of the Company exceeding 10% of the revenue of the Company as per the last audited financial statements of the Company for the most recently completed financial year which are disclosed in the Offer Documents in relation to the proposed initial public offering of the equity shares of the Company, shall be considered as material dues for the Company and such creditors shall be considered as material creditors

The details of outstanding dues to such micro, small and medium enterprises and other creditors separately giving details of number of cases and amount involved, shall be uploaded on the website of the Company as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

The details of outstanding overdues to material creditors along with the name and amount for each such material creditor separately giving details of number of cases and amount involved shall be uploaded and disclosed on the website of the Company as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.”

It is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/or such other applicable authority with respect to listed companies and the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Document and the website of the Company and should not be applied towards any other purpose.