



SHREE TIRUPATI BALAJEE AGRO TRADING COMPANY LIMITED

**(FORMERLY KNOWN AS SHREE TIRUPATI BALAJEE AGRO TRADING
COMPANY PRIVATE LIMITED)**

POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS

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POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS

A. INTRODUCTION

This policy (“**Policy**”) has been formulated to set out the thresholds of materiality of Shree Tirupati Balajee Agro Trading Company 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 (as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of ‘material’ litigation (excluding disciplinary actions against the promoter, criminal proceedings, statutory/regulatory actions and taxation matters); and
- B. Identification of ‘material’ creditors.

B. APPLICABILITY AND OBJECTIVE

This policy shall be called the ‘**Policy on Identification of Material Creditors and Material Litigations**’ (“**Materiality Policy**”)

The board of directors of the Company (“**Board**”) at their meeting held on 22nd November, 2023, discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of the Materiality Policy by the Board.

The Company has adopted this Materiality Policy for identification of: (i) material creditors; and (ii) material litigations pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the Offer Documents.

In this Materiality 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, Mumbai, Maharashtra and 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 Materiality Policy shall have the same meanings ascribed to such terms in the Offer Documents.

In this Materiality Policy, unless the context otherwise requires:

- a. Words denoting the singular shall include the plural and vice versa; and
- b. References to the words “include” or “including” shall be construed without limitation.

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

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

Identification of Material Creditors

Requirement:

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

- i. Based on the policy on materiality defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;



- 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 will be disclosed in the Offer Documents; and
- iii. Complete details about outstanding 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 (except banks and financial institutions from whom the Company has availed financing facilities), 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 exceed 5% of the total trade payables of the Company as per the most recently completed financial period as per the Restated Financial Statements (“**Restated Financial Statements**”) of the Company, as disclosed in the Offer Documents.

Disclosure in the Offer Documents regarding material creditors and MSMEs

- a. 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 on September 30, 2023, based on the Restated Financial Statements of the Company included in the Offer Documents.
- b. For outstanding dues to micro, small and medium enterprises (“**MSMEs**”), the disclosure will be based on information available with the Company regarding the status of the creditors as MSMEs as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the statutory auditors in preparing their audit report. Information for such identified MSMEs creditors shall be provided in the Offer Documents in the following manner:

- I. aggregate amounts due to such MSME creditors; and
- II. aggregate number of such MSME creditors

as on September 30, 2023, based on the Restated Financial Statements of the Company included in the Offer Documents.

- c. Complete details about outstanding over dues to the 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 in the Offer Documents.

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

Identification of Material Litigations (excluding disciplinary actions against the promoter, criminal proceedings, statutory/regulatory actions and taxation matters)

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Company, its Promoter and Directors (collectively, “**Relevant Parties**”):

- 1) All criminal proceedings;
- 2) All actions by regulatory authorities and statutory authorities;
- 3) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoter in the last



- five financial years including outstanding action;
- 4) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
 - 5) Other pending civil litigations - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact (as determined by the Board) on the Company. However, we do not have any group company as on date.

Policy on materiality

For the purpose of point no (5) above, any other pending civil litigation involving the Company, its Promoter and its Directors (“**Relevant Parties**”) shall be considered “material” for the purpose of disclosure in the Offer Documents if:

- i. the claim/ dispute amount, to the extent quantifiable, exceeds 2% of turnover as per the Restated Consolidated Financial Information for Fiscal 2023, or 2% of net worth based on the Restated Consolidated Financial Information as at March 31, 2023, or 5% of the average of absolute value of profit or loss after tax, as per the Restated Consolidated Financial Information of our Company for the last three Fiscals, whichever is lower, or
- ii. where monetary liability is not quantifiable or does not exceed the threshold mentioned in point (i) above, the outcome of any such pending proceedings may have a material bearing on the business, operations, or
- iii. where the monetary liability in the pending civil litigations is not quantifiable or doesn't meet the monetary threshold as provided in (i) above, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of the Company,

Further, pre-litigation notices received by the Company, its Promoter and Directors (excluding those notices issued by statutory, regulatory or tax authorities), unless otherwise decided by our Board, are not evaluated for materiality until such time that such parties are impleaded as defendants in litigation proceedings before any judicial forum. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered ‘material’ only in the event that the outcome of such litigation has a bearing on the operations or performance of the Company.

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents or by SEBI and/or such other applicable 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. In this regard, it is clarified that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

D. AMENDMENT

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