



## **POLICY ON MATERIALITY**

**SODHANI CAPITAL LIMITED**

**CIN - U65991RJ2019PLC064264**

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## 1. Introduction

This materiality policy ("the Policy") has been formulated for the identification of group companies, outstanding litigation and outstanding dues to creditors in respect of Sodhani Capital Limited ("the 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.

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

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

In this Materiality Policy, the term "Issue Documents" shall mean the Draft Prospectus, and the Prospectus proposed 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 ("SEBI"), Registrar of Companies, Jaipur ("RoC"), 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 Materiality Policy shall have the same meanings ascribed to such terms in the Issue Documents.

## 2. Policy pertaining to Identification of Material Creditors, Material Litigations and Group Companies

### Identification of Material Litigations

In compliance with the SEBI ICDR Regulations, the Company shall disclose all litigation involving the Company, Promoters, Directors, and Subsidiaries of the Company related to :

- i) all criminal proceedings;
- ii) all actions by regulatory authorities and statutory authorities;
- iii) disciplinary action, including penalty imposed by SEBI or Stock Exchanges against the Promoters in the last five financial years including outstanding action pending against them;
- iv) claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and other material pending litigations - as per policy on materiality defined by the Board and disclosed in the Issue Documents.
- v) all other pending litigations filed or pending against the Company where the amount claimed by or against the Company/Promoter/Group Company/Subsidiary exceeds an amount of Rs. 10,00,000/-.



## **Identification of Group Companies**

### **Policy on materiality:**

The SEBI ICDR Regulations define the term ‘group companies’ to include (i) such companies (other than promoter(s) and subsidiary(ies)) with which the Company had related party transactions during the period for which financial information is disclosed in the Issue Documents, as covered under the Indian Accounting Standards (Ind AS) 24, and (ii) any other company as considered material by the Board. Therefore, as per the requirements of the SEBI ICDR Regulations, Group Companies shall include:

- i) Companies (other than the subsidiary) with which there were related party transactions during a financial year exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.
- ii) Companies as considered material by the Board.

*A company shall be considered material and disclosed as ‘Group Company’ if a material adverse change in such company can lead to a material adverse effect on the Company and its revenues and profitability.*

### **Outstanding Dues to Creditors**

In compliance with the SEBI ICDR Regulations, the Company will make the following disclosures in the Issue Documents for dues outstanding to creditors:

- a) Consolidated information on outstanding dues to small scale undertakings (SSI) and Micro Small & Medium Enterprises (MSME), separately giving details of number of cases and amount involved, if the same exceeds the threshold limit of Rs. 10,00,000 and the credit period 45 days as applicable in the law;
- b) Complete details about outstanding dues to other creditors if the amount due to anyone exceeds 10% of the total outstanding towards creditors of the Company as per the last audited financial statements of the company.
- c) 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 SEBI ICDR Regulations with respect to the Offer Document and the website of the Company and should not be applied towards any other purpose.

### ***Disclosures in the Issue Documents regarding material creditors:***

- a) For creditors identified as ‘material’ based on the abovementioned policy, information on outstanding dues to each material creditor shall be disclosed in the Issue Documents along with details of such creditors, which will also include the consolidated number of creditors and amount involved on an aggregate basis, as of the date of the latest restated financial statements included in the Issue 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 MSME creditors will be provided in the Issue Documents in the following manner:
- aggregate amounts due to such MSME creditors; and
  - aggregate number of such MSME creditors, as of the date of the latest restated financial statements included in the Issue Document.
- c) Complete details about outstanding dues to the material creditors along with the name and amount involved towards each such material creditor will be disclosed on the website of our Company with a web link in the Issue Documents.

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

### **3. Amendment**

The Managing Director of the Company, in consultation with the Board, shall have the power to amend any provision of this Materiality Policy, substitute any provision 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.

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