

PATEL RETAIL LIMITED

MATERIALITY POLICY

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

1. INTRODUCTION AND APPLICABILITY

- 1.1 This document (“**Policy**”) has been formulated to define the respective materiality policies in respect of the following, as regards Patel Retail 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 (“**SEBI ICDR Regulations**”):
- (i) identification of material companies to be considered as Group companies (“**Materiality Policy for Group Companies**”);
 - (ii) identification of outstanding material litigation (excluding criminal proceedings, actions by regulatory authorities and/or statutory authorities and direct and/or indirect tax matters (“**Materiality Policy for Litigation**”));
 - (iii) identification of material creditors of the Company and dues therein (“**Materiality Policy for Creditors**”).
- 1.2 The Board of Directors (“**Board**”) of the Company at their meeting held on March 10, 2025 discussed and approved this Policy. This Policy is effective from the said date.
- 1.3 In this Policy, the term “**Offer Documents**” shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, and any addendum or corrigendum thereto to be filed and/or submitted by the Company in connection with the proposed initial public offering of its equity shares, with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, Maharashtra at Mumbai and/or the stock exchanges where the equity shares of the Company are proposed to be listed, and any / or other regulatory authorities, as applicable.

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

2. MATERIALITY POLICY FOR GROUP COMPANIES

- 2.1 In terms of the SEBI ICDR Regulations, the term ‘**group companies**’ includes
- (i) such companies (other than promoter(s) and subsidiary/(ies)¹ with which there were related party transactions, during the period for which financial information is disclosed in the relevant Offer Documents, as covered under the applicable accounting standards, and
 - (ii) any other companies as considered material by the Board of the Company.
- 2.2 Accordingly, for clause 2.1(i) above, all such companies with which the Company had related party transactions during the period covered in the restated financial statements

¹ As on the date of adoption of this Policy, the Company has no subsidiary.

included in the Offer Documents, as covered under applicable accounting standards shall be considered as ‘group companies’ in terms of the SEBI ICDR Regulations.

- 2.3 In addition, for the purposes of clause 2.1(ii) above, a company shall be considered **‘material’** and will be disclosed as a ‘Group Company’ in the Offer Documents if it is a member of the promoter group of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and such company had transactions with our Company during the last financial year, which individually or cumulatively in value, exceed 5% of the total revenue of our Company as derived from the restated financial statements of the last completed financial year or 10% of the net-worth of our Company basis the restated financial statements of the last completed financial year, whichever is lower.

3. MATERIALITY POLICY FOR LITIGATION

- 3.1 In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigation(s) involving itself, its directors, its promoters, and/or its subsidiaries²:

- (i) All criminal proceedings
- (ii) All actions by statutory and/or regulatory authorities
- (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five (5) financial years including outstanding action;
- (iv) Taxation claims: Separate disclosures as regards claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount;
- (v) Other pending litigation/ arbitration proceedings: As per the policy of materiality defined by the Board and disclosed in the Offer Documents and / or in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 3.2 Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving any group company(ies), which has a material impact on the Company.

- 3.3 For the purpose of clause 3, the Company, its directors, promoters, group company(ies) and/or its subsidiary(ies) will be considered as **“Relevant Parties”**.

- 3.4 The policy on identification of other pending litigations involving the Relevant Parties mentioned in clause 3.1(v) above, shall be disclosed in the Offer Documents.

- 3.5 Other than litigations mentioned in clause 3.1(i) to (iv) above, any other pending litigation / arbitration proceedings involving the Relevant Parties shall be considered **‘material’** for the purposes of disclosure in the Offer Documents, if the value or expected impact in terms of value, exceeds the lower of the following:

- (i)
- 3.6 Pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory / regulatory / governmental / tax authorities or

² As on the date of adoption of this Policy, the Company has no subsidiary.

notices threatening criminal action) shall, in any event, not be considered as litigation until such time that Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum. Further, FIRs (whether cognizance has been taken or not) initiated against the Relevant Parties shall be disclosed in the Offer Documents.

4. MATERIALITY POLICY FOR MATERIAL CREDITORS

4.1 In terms of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors:

- (i) Based on the materiality policy defined by the Board, details of the Company's creditors, including 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;
- (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.

4.2 For identification of '*material creditors*', in terms of clause 4.1 above, a creditor of the Company, shall be considered '**material**' for the purpose of disclosure in the Offer Documents, if amounts due to such creditor is equal to or in excess of 2 % of the trade payables of the Company as per the latest financial period for which the restated financial information is disclosed in the Offer Documents.

5. GENERAL

5.1 It is clarified that this Policy is solely from the purpose of disclosure requirements in the Offer Documents as prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose.

5.2 This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time. Any subsequent amendment / modification to the SEBI ICDR Regulations and / or any other laws in this regard shall automatically apply to this Policy. The provisions of applicable laws shall prevail over this Policy, in case of any conflict between them.