



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 prescribed 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 disciplinary actions against the promoters, 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 capitalized 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)] 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 included in the Offer Documents, as covered under applicable accounting standards shall be considered as 'group companies' in terms of the SEBI ICDR Regulations.

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 (or the relevant stub period, as applicable), 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 subsidiaries:

- (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:
- (i) the aggregate monetary claim made by or against our Relevant Parties (individually or in aggregate), in any such pending litigation/ arbitration proceeding is equal to or exceeds, to the extent quantifiable, the lower of (a) 2% of the turnover of our Company; or (b) 2% of the net worth of our Company, each as per the latest Fiscal included in the Restated Consolidated Financial Statements of our Company; or (c) 5% of the average of the absolute value of the profit/loss after tax as per the last three Fiscals included in the Restated Financial Information of our Company;
 - (ii) where the monetary impact is not quantifiable or the amount involved may not exceed the materiality threshold set out under (i) above, but an outcome in any such litigation / arbitration proceeding(s) would materially and adversely affect our Company's business, operations, cash flows, financial position or reputation, on a consolidated basis.
- 3.6. Pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory / regulatory / governmental / tax authorities or 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 / arbitral forum.
- 3.7. Any pending litigation involving the group companies, as identified in accordance with provisions of SEBI ICDR Regulations would be considered to have a 'material impact' on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, performance or financial position or reputation of the Company.

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 outstanding dues to MSME and other creditors, the disclosure will be based on information available with the Company regarding the status of the creditors as MSME as defined under Section 2 read with Section 7 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.

4.3. 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 5% of the trade payables of the Company as per the latest financial period (or relevant stub period, where applicable) 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, including for disclosure of material information by listed entities pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

5.2. The Policy shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder or by SEBI and/ or such other regulatory, judicial, quasi-judicial, 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 additional disclosures that may arise on account of any investor or other complaints.

5.3. 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.