



**DIGINOTICE LIMITED**

**MATERIALITY POLICY ON IDENTIFICATION OF GROUP COMPANIES**  
**OUTSTANDING LITIGATION & DUES TO CREDITORS**

**[Under Regulation of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015  
("SEBI LODR")]**

**DIGINOTICE LIMITED**



## **DIGINOTICE LIMITED**

### **DIGINOTICE LIMITED— MATERIALITY POLICY**

#### **1. Introduction**

- a. This materiality policy ("Policy") has been formulated for the identification of group companies, outstanding litigation and outstanding dues to creditors in respect of **DIGINOTICE 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"), which requires the policy of materiality to be disclosed in the offer document.
- b. This Policy shall be effective from the date of approval of the Policy by the board of directors of the Company ("Board").
- c. In this Policy, the term "Offer Documents" shall mean the draft red herring prospectus, the red herring 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 Securities and Exchange Board of India, the Registrar of Companies, Mumbai, Maharashtra 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.

#### **2. IDENTIFICATION OF 'MATERIAL' GROUP COMPANIES**

##### **2.1 Requirement**

As per the SEBI ICDR Regulations, the term "Group Companies", shall include such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer (Company);

##### **2.2 Policy on materiality**

Based on the above-stated definition:

- i. companies disclosed as related parties transactions in accordance with the relevant accounting standard, i.e., Accounting Standard — 18, in the latest financial statements of the Company will be treated as Group Companies,
- ii. for the purpose of the Offer Documents, a company shall be considered 'material' and will be disclosed as a 'Group Company' in the Offer Documents, if:

such company forms part of the Promoter Group and the Company has entered into one or more transactions with such company that, individually or cumulatively exceed 10.00% of the total standalone

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revenue of the Company, whichever is lower, in each of the last two financial years and any stub period in respect of which, such financial statements are included in the Offer Documents, (such period collectively referred to as the "Relevant Period"); and/ or

- iii. such company, subsequent to the Relevant Period, would require disclosure in the standalone financial statements of the Company for subsequent periods as entities covered under Accounting Standard 18, in addition to/ other than those companies covered under the schedule of related party relationships in terms of Accounting Standard 18 in the standalone and consolidated audited financial statements of the Company for the Relevant Period.

*For avoidance of doubt, it is clarified that (i) our Subsidiary; and (ii) any companies which, subsequent to the Relevant Period, have ceased to be related parties of the Company in terms of Accounting Standard 18 solely on account of there being no significant influence/ control over such company in terms of Accounting Standard 18 after the Relevant Period shall not be considered as 'Group Companies', for the purpose of disclosure in the Offer Document.*

### 3. **Identification of 'Material' Litigation**

As per the requirements of SEBI ICDR Regulations, the Company is required to disclose in the Draft Prospectus / Prospectus, the details of the outstanding dues to creditors:

- (i) Based on the policy on materiality of our Board, complete disclosure for such creditors; and
- (ii) Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved; and
- (iii) Additionally, our Company is required to provide complete details about outstanding dues to creditors as per (i) and (ii) above on the webpage of our Company with a web link thereto in the Draft Prospectus / Prospectus.

#### **Policy on materiality:**

For identification of material creditors, any creditor of the Company shall be considered to be material, if the amount due to any one of them exceeds five per cent (5.00%) of trade payables as per the last audited financial statements of the Company.

### 4. **Identification of 'Material' Litigation**

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of litigation involving the Company/ Directors/ Promoters/ Group Companies/ Subsidiaries:

- i. All criminal proceedings;
- ii. All actions by statutory/ regulatory authorities;
- iii. Taxation proceedings — Separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- iv. Other pending litigation —As per the policy of materiality defined by the Board and disclosed in the Offer Documents.

#### **Policy on materiality:**

Other than litigations mentioned in paragraphs 4 (i), (ii) (iii) and (iv) above, any other pending litigation involving the Company, its Directors, Promoters, Group Companies and Subsidiary shall be considered "material" for the purpose of disclosure in the Offer Documents if:



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- (i) the monetary amount of claim by or against the Company, its Directors, Promoters, Group Companies and Subsidiary in any such pending litigation is in excess of 1.00% of consolidated profit after tax or net worth of the Company, as per the last annual restated consolidated financial statements of the Company, whichever is lower; or
- (ii) Such pending litigation is material from the perspective of Company's business, operations, prospects or reputation.

It is clarified that apart from as set forth in this paragraph, the disclosures on outstanding litigation in the Offer Documents will also include disclosures as specified in the Companies Act, 2013 and rules made thereunder. Further, pre-litigation notices received by the Company, Subsidiary, Directors, Promoters or the Group Companies shall not be considered as litigation until such time that any of the Company, Subsidiary, Directors, Promoters or Group Companies, as the case may be, is made a party to litigation proceedings initiated before any judicial forum.

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