
**POLICY ON
MATERIALITY AND
IDENTIFICATION OF
GROUP COMPANY**

PANCHATV BHARAT LIMITED

1. INTRODUCTION

- 1.1 This materiality policy (“Policy”) has been formulated for the identification of group companies, material outstanding litigation and outstanding dues to creditors of Panchatv Bharat Limited (“Company”), pursuant to the disclosure requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”).
- 1.2 This Policy shall be effective from the date of approval of the Policy by the board of directors of the Company (“Board”).
- 1.3 In this Policy, the term “Offer Documents” shall mean the draft prospectus, 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, National Capital Territory of Delhi and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

2. IDENTIFICATION OF GROUP COMPANIES

- 2.1 As per the SEBI ICDR Regulations, the term “Group Companies”, is defined to 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”.

In light of this requirement, subject to paragraph 2.3, the following companies are to be treated as Group Companies of the Company:

- (i) companies (other than promoter(s)) with which there were related party transactions, during the period for which financial information is disclosed in the relevant Offer Document (the “Relevant Period”), as covered under Accounting Standard (AS) 18 (collectively, “Accounting Standards”); and
 - (ii) companies considered to be material by the Board, in terms of the policy laid down in paragraph 2.2.
- 2.2 Policy on materiality

Based on the above-stated definition, for the purposes of paragraph 2.1(ii), a company shall be considered ‘material’ and will be disclosed as a ‘Group Company’ in the Offer Documents, (i) if a company is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more transactions with the Company in the most recent financial year and/or the relevant stub period (in respect of which Restated Financial Statements are included in the offer documents) that individually or cumulatively exceed 10.00% of the total revenue of the Company, as per the Restated Financial Statements of the Company for such financial year and (ii) companies (other than the promoter(s) and subsidiaries (if any) of the Company) with which there were related party transactions for the period (after the period in respect of which, restated audited financial statements are included in the offer documents) until the date of filing of the offer documents.

This policy shall be called the 'Policy on Materiality and Identification of Group Company' ("Policy").

3. IDENTIFICATION OF 'MATERIAL' LITIGATION (EXCLUDING CRIMINAL PROCEEDINGS, STATUTORY/REGULATORY ACTIONS AND TAXATION MATTERS)

3.1 Requirements

As per the requirements of SEBI (ICDR) Regulations 2018, the Company shall disclose all the litigation involving the Company, its joint venture(s) and directors related to:

- i. All criminal proceedings;
- ii. All actions by statutory / regulatory authorities;
- iii. Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years or since incorporation as applicable including outstanding action;
- iv. Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- v. Other material pending litigations - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

3.2 Policy on Materiality

Other than litigations mentioned in paragraphs 3.1 (i), (ii), (iii) and (iv) above, any other pending litigation involving the Company and/or its Subsidiaries (if any), its Directors and Promoters shall be considered "material" for the purpose of disclosure in the Offer Documents if:

For the purpose of point no. (v) above, any other pending litigation involving the Company, its directors and joint venture(s) shall be considered "material" for the purpose of disclosure in the Offer Documents if: -

- a) the claim/ dispute amount, to the extent quantifiable, of the claim made by or against the Company, its and directors in any such pending litigation is equal to or in excess of 10% of the consolidated revenue of the Company or 25% of the profits before tax of the Company (whichever is lower) as per the last audited financial statements of the Company, as included in the Offer Documents; or

Except as stated in this section, there are no outstanding material dues to creditors of our Company. In terms of the Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceeds 10% of the total consolidated revenue of the Company or 25% of the profits before tax of the Company (whichever is lower) as per the latest audited financial statements of the Company shall be considered as 'material'. Further, for outstanding dues to any party which is a micro, small or a medium enterprise ("MSME"), the disclosure will be based on information available with our Company regarding status of the creditor 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 Auditor.

- b) where the monetary impact is not quantifiable or the amount involved may not exceed the materiality Threshold set out under (a) above, but an outcome in any such litigation would materially and adversely affect our Company's business, operations, performance, prospects, financial position or reputation of the Company; and

- c) any such litigation where the decision in one case is likely to affect the decision in similar matters and the aggregate monetary claim amount in all such litigation/arbitration proceedings equal to or in excess of threshold set forth above even though the amount involved in an individual litigation may not exceed the threshold set forth in (a) above.
- d) *Our Board in this meeting has resolved that the outstanding legal proceedings involving the Company, its Directors and Promoters will be considered as material litigation (“**Material Litigation**”) if the aggregate amount involved in such individual litigation exceeds 1% of profit after tax of the Company, as per the last audited financial statements of the Company or such litigations outcome could have a material impact on the business, operations, prospects or reputations of the Company.*

3.3 Group Companies’ litigations

In addition to the litigation specified in 3.1 and 3.2, in accordance with the SEBI ICDR Regulations, the Company is also required to disclose any pending litigation involving its group companies (as identified under Paragraph 2 above, hereinafter “Group Companies”), which has a material impact on the Company. Accordingly, based on the review of the certificates provided by the Group Companies, the Board shall consider such outstanding litigation involving the Group Companies as material, which are material from the perspective of Company’s business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

4. IDENTIFICATION OF MATERIAL CREDITORS

4.1 Requirement:

As per the requirements of SEBI (ICDR) Regulations 2018, the Company shall make relevant disclosures in the Offer Documents for outstanding dues to creditors:

- i. Based on the policy of materiality defined by the Board of Directors of the Company and as disclosed in the Offer Document, disclosure for such creditors which include 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; and
- iii. Complete details about outstanding overdues 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.

4.2 Policy on materiality:

For identification of material creditors, 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 10% of the total consolidated trade payables of the Company as per the latest audited financial statements of the Company, as disclosed in the Offer Documents.

Disclosures in the Offer Documents regarding material creditors:

- i. For creditors identified as ‘material’ based on the above mentioned 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 of the date of the latest audited financial statements included in the Offer Documents.

- ii. 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:
 - a. aggregate amounts due to such MSME creditors; and
 - b. aggregate number of such MSME creditors.

as of the date of the latest audited financial statements included in the Offer Document.

- iii. 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 our 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.

5. REVIEW AND AMENDMENT

The Board (including its duly constituted committees wherever permissible) shall have the power to amend this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall automatically stand amended to reflect any changes to the SEBI Regulations, to the extent the same is the subject matter of this Policy.

6. DISCLOSURE

The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 requires the same to be disclosed in its draft prospectus /prospectus of the company.

7. AMENDMENT

The Board of Directors of Panchatv Bharat Limited may amend this code from time to time.

Date: August 06, 2024

Place: Delhi

Note: Approved in the meeting dated August 06, 2024