

ANANDRATHI

Wealth Management.uncomplicated

## **Anand Rathi Wealth Services Limited**

### **Materiality Policy For Determination Of Group Companies And Litigation**

This policy (“**Policy**”) has been formulated to define the materiality policies for: a) identification of material companies to be classified as group companies; b) litigation involving the Company (as defined hereinafter), its directors, promoters and subsidiaries; and c) outstanding dues to creditors, in respect of Anand Rathi Wealth Services Limited (“**Company**”) for the purposes of relevant disclosures in the Offer Document (defined herein below) pursuant to the requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”). This Policy has been approved and adopted by the Board of Directors of the Company (“**Board**”) at its meeting held on November 15, 2019.

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 (“**IPO**”) with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, Mumbai 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.

## **1. Identification of 'Material' Group Companies**

### **1.1 Requirement:-**

As per the SEBI ICDR Regulations, the term “Group Companies”, shall include (i) such companies (other than promoter(s) and subsidiaries) with which there were related party transactions, (as covered under the applicable accounting standards (i.e. Ind AS 24 issued by the Institute of Chartered Accountants of India), during the period for which financial information is disclosed in the relevant Offer Document, and (ii) any other companies as considered “material” by the Board.

### **1.2 Policy on materiality:-**

For the purpose of disclosures in the Offer Documents, as prescribed under the SEBI ICDR Regulations, other than the entities covered under IndAS 24 as issued by the Institute of Chartered Accountants of India, there are no other companies which are considered “material” and ought to be classified as group companies of the Company in the Offer Documents.

For the avoidance of doubt, it is clarified that this Policy shall be without prejudice to any disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents, or that may be prescribed by SEBI and/or such other applicable authority with respect to listed companies, or disclosure requirements, as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints, and that this Policy is solely adopted from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

## **2. Identification of “Material Litigation”**

### **2.1 Requirement:-**

As per the SEBI ICDR Regulations, the Company is required to disclose the following classes of pending litigation involving the Company, its Subsidiaries, its Promoters and its Directors in the Offer Documents:

- i. All criminal proceedings;
- ii. All actions by statutory/ regulatory authorities;
- iii. Disciplinary action including penalties imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- iv. 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
- v. Other pending litigation - As per the policy of materiality defined by the Board of Directors and disclosed in the Offer Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose outstanding litigation involving the Group Companies, which may have a material impact on the Company.

### **2.2 Policy on materiality:-**

Other than litigations mentioned in paragraph 2.1 (i), (ii), (iii) and (iv) above, the following threshold shall be considered for determining “material” pending litigation involving the Company, its Subsidiaries, its Promoters and its Directors.

Such litigation involving an amount which exceeds 1% of the total consolidated revenue or 5% of the consolidated profit after tax of the Company, whichever is lower, as per the restated consolidated financial information of the Company as at the latest completed financial year for which the financial statements are included in the relevant Offer Documents.

In terms of the SEBI ICDR Regulations, the Company is required to disclose outstanding litigation involving the Group Companies, which may have a material impact on the Company.

For the avoidance of doubt, it is clarified that this Policy shall be without prejudice to any disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents, or that may be prescribed by SEBI and / or such other applicable regulatory authority with respect to listed companies, or disclosure requirements, as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints, and that this Policy is solely adopted from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

### **3. Identification of “Material” outstanding dues to Creditors**

#### **3.1 Requirement:-**

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

- i. based on the policy on materiality adopted by the Board and as disclosed in the Offer Documents, details of the Company’s creditors, including the consolidated number of creditors and the aggregate amount involved; and
- 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. Such disclosures will be based on information available with the Company (as relied upon by the statutory auditors of the Company), regarding status of the suppliers as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

Additionally, complete details about outstanding overdues to material creditors along with the name and amount involved for each such material creditor (as per (i) above) shall be disclosed on the website of the Company with the relevant web link included in the Offer Documents, as applicable.

#### **3.2 Policy on materiality:-**

For identification of material creditors, such creditors of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents and on the website of the Company, if amount dues to any one of them exceeds 5% of the total dues owed to creditors of the Company as per the restated consolidated financial information of the Company as at the latest completed financial year for which the financial statements are included in the relevant Offer Documents.

For the avoidance of doubt, it is clarified that this Policy on materiality of creditors shall be without prejudice to any disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents, or that may be prescribed by SEBI and / or such other applicable regulatory authority with respect to listed companies, or disclosure requirements, as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints, and that this Policy is solely adopted from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and the website of the Company and should not be applied towards any other purpose.

### **4. General**

The above policies shall be subject to review/changes by the Board as may be deemed necessary and in accordance with regulatory amendments, from time to time.