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*ADVIT JEWELS LIMITED*

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*POLICY ON IDENTIFICATION OF GROUP COMPANIES, MATERIAL  
CREDITORS AND MATERIAL LITIGATIONS*

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## 1. INTRODUCTION

The Policy on Identification of Group Companies, Material Creditors and Material Litigation ("**Policy**") has been formulated to define the materiality policy for identification of group companies, outstanding litigation and outstanding dues to creditors in respect of Advit Jewels Limited ("**Company**"), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("**SEBI ICDR Regulations**"). This Policy for determination of materiality of Litigation/Identification of Group companies has been approved by the Board of Directors ("**Board**") of the Company effective from **12<sup>th</sup> September 2025** and considered material pertaining to matters of relevant parties exceeding **Rs. Eighty Lakhs Only (Rs. 80,00,000)** vide board resolution dated **12<sup>th</sup> September 2025**.

Further for the identification of the Material Creditors of the Company refer the point no. 4 ( C ) of this Policy.

## 2. PURPOSE

The purpose of the policy is:

- a. identification of the 'material' companies to be disclosed as group companies of the Company;
- b. identification of the 'material' outstanding litigation (in addition to all criminal proceedings and actions by statutory/ regulatory authorities) involving the Company, its promoters, directors, key managerial personnel (KMPs), senior management personnel (SMPs) and group companies, ("**Relevant Parties**");
- c. identification of the 'material' creditors of the Company.

## 3. APPLICABILITY

In this Policy, the term "**Issue Documents**" shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus (along with any addendum or corrigendum, thereto, if any), as applicable, to be filed with NSE and BSE ("**Stock Exchanges**") where the equity shares of the Company are proposed to be listed, the Registrar of Companies, Jaipur, Securities and Exchange Board of India ("**SEBI**"), and any other regulatory authorities, as applicable; and the term "**Restated Financial Information**" shall mean the restated financial statements of the Company, as disclosed in the relevant Issue Document.

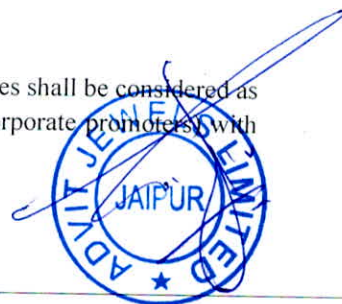
## 4. DETERMINATION OF MATERIALITY

### A. Identification of the 'material' companies to be disclosed as group companies of the Company

In terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018 ("**SEBI ICDR Regulations**"), the term 'Group Companies' includes (i) such companies (other than promoters and subsidiaries) with which the issuer company has had related party transactions during the period for which financial information is disclosed in the Issue Document, as covered under the applicable accounting standards, and (ii) any other companies as considered material by the Board of the issuer company.

### Policy on materiality

For the purpose of disclosure in the Issue Documents, the following companies shall be considered as 'Group Companies' of the Company: (i) such companies (other than the corporate promoters) with



which there were related party transactions, during the period for which financial information is disclosed in the Issue Documents; and (ii) any other companies as may be considered 'material' by our Board.

In relation to (ii) above, companies (other than the corporate promoters) forming part of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which the Company has had transactions in the most recent financial year or the relevant stub period, as applicable, which individually or in the aggregate, exceed 1% of the total restated revenue or 0.1% of the networth of the Company for the most recent financial year or the stub period, as the case may be, as per the restated financial statements included in the Issue Documents.

#### **B. Identification of the Relevant Parties**

In accordance with the SEBI ICDR Regulations, the following outstanding litigation involving the issuer company, its promoters, directors, Key Managerial Personnel and Senior Managerial Personnel shall be disclosed in the Issue Documents:

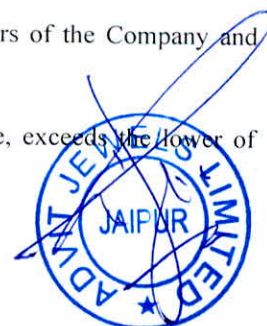
- a) all criminal proceedings;
- b) all actions by regulatory and statutory authorities;
- c) disciplinary action including penalty imposed by SEBI or Stock Exchanges against the promoters in the last five financial years including outstanding action
- d) claims related to direct and indirect taxes in a consolidated manner, giving the number of cases and total amount involved; and
- e) Other material outstanding litigation - As per the materiality policy defined by the Board of the issuer company and disclosed in the Issue Documents

#### **Identification of 'material' outstanding litigation**

##### **Requirement:**

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following outstanding litigations involving the Company, Directors, Promoters, Key Managerial Personnels and Senior Management Personnels (collectively the "Relevant Parties") in the Issue Documents:

- (i) All criminal proceedings;
- (ii) All actions taken / penalties imposed by statutory and/or regulatory authorities;
- (iii) Disciplinary actions including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years preceding the Issue Document, including outstanding actions;
- (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving details of the number of cases and total amount involved in such cases; and
- (v) Other pending litigations based on lower of threshold criteria mentioned below:
  - (a) As per the policy of materiality defined by the board of directors of the Company and as disclosed in the Issue Documents; or
  - (b) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:





- i. two percent of turnover, as per the latest annual restated financial statements of the Issue Documents;
- ii. two percent of net worth, as per the latest annual restated financial statements of the Issue Documents, except in case the arithmetic value of the net worth is negative; or
- iii. five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated financial statements of the Issue Documents.

Additionally, in accordance with the SEBI ICDR Regulations, the Company shall disclose following outstanding legal proceedings in the Issue Document, (i) all criminal proceedings involving the Key Managerial Personnel and Senior Management Personnel; and (ii) all the actions by regulatory and statutory authorities against such Key Managerial Personnel and Senior Management Personnel.

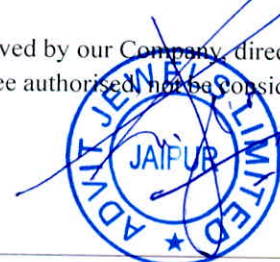
Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact on the Company.

***Policy on materiality***

As per the requirements prescribed under the SEBI ICDR Regulations, the following outstanding litigation involving the Relevant Parties shall be disclosed in the Issue Documents:

- a. All outstanding criminal proceedings (including first information reports even if no cognizance has been taken by any court);
- b. All outstanding actions (including all disciplinary actions, penalties, and show cause notices and any findings/ observations or warning letters of any of the inspections by SEBI or any other regulatory authority and all penalties) by regulatory authorities and statutory authorities against the Relevant Parties (including any judicial, quasi-judicial, administrative authorities or enforcement authorities);
- c. Disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoters in the last five financial years preceding the date of the relevant Issue Documents, including outstanding action;
- d. All outstanding claims related to direct and indirect tax matters in a consolidated manner; giving the number of cases and total amount, involving the Relevant Parties; and
- e. Other outstanding litigations (including civil and arbitration proceedings) as per the materiality policy defined by the Board of Directors of the Company and disclosed in the Issue Documents.
- f. Other than litigations mentioned in points (i) to (iii) above, any other outstanding litigation (including civil and arbitration proceedings) involving the Relevant Parties (including tax litigation in point (iv) above) would be considered 'material' for the purpose of disclosure in the Issue Documents, if the monetary amount of claim / amount in dispute, to the extent quantifiable exceeds (i) 2% of turnover of our Company as per the latest annual restated financial statements of the Company; or (ii) 2% of net worth of our Company as per the latest annual restated financial statements of the Company, except in case the arithmetic value of the net worth is negative; or (iii) 5% of the average of absolute value of profit or loss after tax of our Company, as per the last three annual restated financial statements of the Company, whichever is lower (Materiality Threshold)

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, directors, our promoter shall, unless otherwise decided by our Board or any committee authorised, not be considered



as litigation until such time that our Company, Directors or Promoter, as the case maybe, is impleaded as a defendant in litigation proceedings before any judicial forum.

### **C. Identification of the 'material' creditors of the Company**

As per the requirements of the SEBI ICDR Regulations, the issuer company shall make relevant disclosures in the Issue Documents and on its website for outstanding dues to creditors as follows:

- (i) based on the policy on materiality defined by the Board of the issuer company, details of the 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 aggregate amount involved; and
- (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 issuer company with a web link thereto in the Issue Documents.

### ***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 Issue Documents and on the website of the Company, if amount dues to any one of them exceeds 5% of the outstanding trade payables for the most recent financial year or the stub period, as the case may be, as per the restated financial statements included in the Issue Documents.

### **D. General**

In the event of any conflict between the provisions of this Policy and the act or regulations or any other statutory enactments or rules, the provisions of such act or regulations or statutory enactments or rules shall prevail over this Policy. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s)etc. shall prevail upon the relevant provisions of this Policy shall stand amended accordingly from the effective date of such amendment(s), clarification(s), circular(s)etc.

## **5. DISCLOSURE OF THE POLICY**

This Policy shall be disclosed in the annual report of the Company and posted on the website of the Company.

