

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

A. INTRODUCTION

This Policy has been formulated to define the materiality for identification of material group companies, outstanding material litigation and outstanding dues to material creditors in respect of SSG Furnishing Solutions Limited and its Directors (the "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 may be amended from time to time ("SEBI ICDR Regulation").

B. APPLICABILITY AND OBJECTIVE

This policy shall be called the 'Policy on Identification of Material Group Companies, Material Creditors and Material Litigations' ("Policy").

The Company has adopted this Policy for identification and determination of: (i) material group companies (ii) material creditors; and (iii) material litigations pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the offer documents.

In this Policy, the term "Offer Documents" shall mean the Draft Prospectus and the Prospectus to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, Registrar of Companies, Uttar Pradesh II ("ROC") and 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.

In this Policy, unless the context otherwise requires:

- (i) Words denoting the singular shall include the plural and vice versa;
- (ii) References to the words "include" or "including" shall be construed without limitation.

C. POLICY PERTAINING TO THE IDENTIFICATION OF MATERIAL GROUP COMPANIES MATERIAL CREDITORS AND MATERIAL LITIGATIONS

The Materiality Policy with respect to the identification of the material group companies, material creditors and material litigation shall be as follows:



Identification of Material Group Companies:

Requirement:

As per the requirements of the SEBI ICDR Regulations, Group Companies include such companies as covered under the applicable accounting standards (i.e. Indian Accounting Standard 24 ("Ind AS 24"), as applicable) as per the restated consolidated financial statements for three (3) financial years and any subsequent stub period preceding the date of the Offer Document, which is included in such Offer Document and also any other companies as considered material by the board of directors of the Company.

Policy on Materiality:

Group companies of the Company shall include such companies (other than subsidiary/subsidiaries) (a) is a member of the Promoter Group; (b) has entered into one or more transactions with the Company during the most recent Financial Year any included in the Restated Financial Statements, that which individually or cumulatively exceed 10% of the consolidated revenue of the Company derived from the Restated Consolidated Financial Information of the last completed full financial year, and (c) other companies as 'material' by the Board

Identification of Material Creditors:

Requirement:

As per the requirements of 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 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 over 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.

Policy on materiality:

Outstanding litigation involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- a) the aggregate monetary claim made by or against the Relevant Parties in any such pending proceeding is equal to or in excess of (i) 2% of turnover, as per the latest



annual restated consolidated financial statements of the Company; or (ii) 2% of net worth, as per the latest annual restated consolidated financial statements of the Company, except in case the arithmetic value of net worth is negative; or (iii) 5% of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the Company, whichever is lower; or

- b) where monetary liability is not quantifiable or does not exceed the threshold mentioned in point (a) above, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, financial position or reputation of the Company; or
- c) any claim/dispute involving the Relevant Parties where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the amount equivalent to 5% of the average of absolute value of profit or loss after tax, as per the restated consolidated financial statements of the Company for the last three Fiscals.

For the purposes of determining the outstanding litigation involving the group companies, which may have a material impact on the Company, the criteria specified under "Policy on materiality" herein above shall apply.

For the purposes of the above, pre-litigation notices received by any of the Relevant Parties and Group Companies from third parties (excluding such notices issued by any statutory/ regulatory/ governmental/ taxation authorities or notices threatening criminal action to the Relevant Parties) shall, unless otherwise decided by the Board, not be considered as litigation until such time that the Relevant Parties or Group Companies as the case may be, are impleaded as party in litigation proceedings before any judicial/arbitral forum. Additionally, FIRs (whether cognizance has been taken or not) initiated against the Relevant Parties, the Key Managerial Personnel or the Senior Management shall be disclosed in the offer documents.

Identification of Material Litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Relevant Parties:

- (i) all outstanding criminal proceedings (including matters which are at FIR stage even if no cognizance has been taken by any court);
- (ii) all outstanding actions (including all penalties and show cause notices) by regulatory and statutory authorities;



- (iii) disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years preceding the relevant Offer Documents including any outstanding action;
 - (iv) claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
 - (v) other pending litigations based on lower of threshold criteria mentioned below:-
 - (vi) as per policy of materiality defined by the board of directors of the Company and disclosed in the Offer Documents; or -
- (A) litigation where the value or expected impact in terms of value, exceeds the lower of the following:
- (a) two percent of turnover, as per the latest annual restated consolidated financial statements of the Company; or
 - (b) two percent of net worth, as per the latest annual restated consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative; or
 - (c) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the Company.

As per the requirements of SEBI ICDR Regulations, the Company shall also disclose

(a) all outstanding criminal proceedings involving Key Managerial Personnel and Senior Management of the Company; and (b) the actions taken by regulatory authorities and statutory authorities against such Key Managerial Personnel and Senior Management of the Company.

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.

D. AMENDMENT

The Whole time Director or Managing Director of the Company shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

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SSG Furnishing Solutions Limited

