



BIKAJI FOODS INTERNATIONAL LIMITED

POLICY ON MATERIALITY

Version	Summary of changes	Board approval on	Date of release
Version 1	Initial	December 30, 2021	December 30, 2021

1. Introduction

This document has been formulated to define the materiality policy for identification of (i) outstanding material litigation involving Bikaji Foods International Limited (the “**Company**”), its Subsidiary, Directors, and Promoters; (ii) the Group Companies and (iii) the material creditors of the Company (together, the “**Policy**”), in terms of the disclosure 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 shall be effective from the date of its approval by the Board of Directors (or a duly constituted committee thereof).

In this Policy, the term “**Offer Documents**” shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus (along with any addenda or corrigenda thereto), as applicable, to be filed with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, Rajasthan at Jaipur or the stock exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable; and the term “**Restated Financial Statements**” shall mean the restated consolidated financial statements of the Company, as disclosed in the relevant Offer Document, together with the summary statement of significant accounting policies, and other explanatory information thereon derived from the relevant audited consolidated financial statements, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (read with the Companies (Indian Accounting Standards) Rules, 2015, as amended) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

2. Policy for identification and disclosure of outstanding litigations:

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigation(s) involving itself, its Directors, its Subsidiary and its Promoters in the Offer Documents:

- (i) All criminal proceedings;
- (ii) All actions by statutory and/or 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 litigations/arbitration proceedings-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: (a) any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges against the Promoter in the five financial years preceding the date of the relevant Offer Document, including any outstanding action; and (b) outstanding litigation involving any of the Group Companies, which may have a material impact on the Company, as applicable.

For the purposes of determining outstanding material litigations/arbitration proceedings as mentioned in point (iv) above, the following criteria shall apply:

For the Company and Subsidiary

Any other pending litigation / arbitration proceedings involving the Company and / or its Subsidiary shall be considered “material” for the purposes of disclosure in the Offer Documents, if:

- (i) The aggregate monetary claim made by or against the Company and / or its Subsidiary (individually or in aggregate), or the dispute amount in any such pending litigation / arbitration proceeding is equal to or in excess of 1% of the Company's consolidated profit after tax, in the most recently completed fiscal year as per the Restated Consolidated Financial Statements;
- (ii) any such litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of which could, none the less, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.

For Promoters and Directors

Any other pending litigation / arbitration proceedings involving the Promoters and/ or Directors shall be considered "material" for the purposes of disclosure in the Offer Documents, if:

- (i) The aggregate monetary claim made by or against the Promoters and / or Directors, or the dispute amount in any such pending litigation / arbitration proceeding is equal to or in excess of 1% of the Company's consolidated profit after tax, in the most recently completed fiscal year as per the Restated Consolidated Financial Statements;
- (ii) Any other pending litigation/arbitration proceeding involving the Promoters and / or Directors shall be considered "material" if the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company, irrespective of the amount involved in such litigation, for the purposes of disclosure in the Offer Documents.

3. Materiality policy for Group Companies

In terms of the SEBI ICDR Regulations, the term group companies includes (i) such companies (other than promoter(s) and subsidiary(ies) with which the issuer company had related party transactions during the period for which financial information is disclosed in the relevant Offer Document, as covered under the applicable accounting standards, and (ii) any other companies as considered material by the Board of Directors.

Accordingly, all such companies (other than the Company's Subsidiary) with which there were related party transactions during the period covered in the Restated Consolidated Financial Statements shall be considered as Group Companies in terms of the SEBI ICDR Regulations. -

In addition, for the purposes of (ii) above, a company (other than the Company's Subsidiary and the companies covered under the schedule of related party transactions as per the Restated Consolidated Financial Statements) shall be considered "material" and will be disclosed as a 'Group Company' in the Offer Documents if:

- (a) Such company is a member of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and
- (b) the Company has entered into one or more transactions with such company during the last completed fiscal year or stub period for which Restated Consolidated Financial Statements are being included in the Offer Documents, which individually or cumulatively in value exceeds 5% of the Company's consolidated revenue from operations for the latest fiscal in the Restated Consolidated Financial Statements.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations.

4. Materiality policy for identification of material creditors

In terms of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors:

- (i) based on the policy on materiality adopted by the Board of Directors 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.

For the purposes of 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 is equal to or in excess of 5% of the consolidated trade payables of the Company as at the end of the latest period included in the Restated Consolidated Financial Statements.

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 webpage of the Company with the relevant weblink included in the Offer Documents, as applicable.

5. General

It is clarified that the Policy is solely 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.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/or such other regulatory or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or additional disclosures that may arise on account of any investor or other complaints.

The Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

All other capitalized terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.