

RIYANSH POLYTECH LIMITED

***IDENTIFICATION OF MATERIAL CREDITORS
AND MATERIAL LITIGATION***

(Adopted by the Board of Directors on ...)

Comment [MP1]: BM Date

CIN: U74999OR2018PLC028861

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RIYANSH POLYTECH LIMITED

IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS

INTRODUCTION

This Policy has been formulated to define the materiality for identification of group companies, outstanding litigation and outstanding dues to creditors in respect of Riyansh Polytech Limited (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 amended from time to time ("SEBI ICDR Regulations").

APPLICABILITY AND OBJECTIVE

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

The Board of Directors of the Company ("Board") discussed and adopted this Policy for "Identification of Material Creditors and Litigation. This Policy shall be effective from the date of its adoption and approval by the Board.

The Company has adopted this Policy for identification and determination of: (i) 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 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, Cuttack ("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 Issue 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.

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

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

IDENTIFICATION OF THE GROUP COMPANIES

The Company is required to disclose certain matters in relation to its "group companies" in the Draft Prospectus and Prospectus. The SEBI Regulations define "group companies" as: "The words "group companies", wherever they occur, shall include such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financials information is disclosed, as covered under applicable accounting standards and also other companies as considered material by the board of the issuer." In the opinion of the Board of the Company, "group companies" and "Related Parties" shall be companies/entities as defined under the applicable Accounting Standards (being Accounting Standard -18) and also other companies considered material by the Board of Directors of the Company. Our Board believes that a company shall be considered material and will also be disclosed as a group company if such company is a Material Subsidiary as defined in Regulation 16 (i) (c) SEBI (LODR) Regulations, 2015 or if:

- (i) such company forms part of the Promoter Group of the Company in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations, 2018; and;
 - (ii) where the Company has entered into one or more transactions with such company in the last audited financial year, cumulatively exceeding 10.00% of total revenue of the Company as per Restated Financials.
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IDENTIFICATION OF MATERIAL CREDITORS

Requirement:

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

- (i) Based on the policy as defined by the Board of Directors of the Company and as disclosed in the Issue 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 (MSME) 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 Issue Document.

POLICY ON MATERIAL CREDITORS:

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 Issue Documents, if amounts due to such creditors exceed 5% of the total consolidated trade payables of the Company as per the latest restated financial statements of the Company, as disclosed in the Issue Documents.

Disclosures in the Issue 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 Issue 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 restated financial statements included in the Issue 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 Issue document in the following manner:
 - aggregate amounts due to such MSME creditors; and
 - aggregate number of such MSME creditors as of the date of the latest restated financial statements included in the Issue 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 Issue Documents. The Company shall make relevant disclosures before the Audit Committee / Board of Directors as required by applicable law from time to time.

IDENTIFICATION OF MATERIAL LITIGATIONS

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its material subsidiaries, Promoters, Directors of the Company related to:

- (i) All criminal proceedings;
 - (ii) All actions by statutory / regulatory authorities;
 - (iii) Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
 - (iv) Other material pending litigations - as per policy of materiality defined by the Board and disclosed in the Issue Documents.
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Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose any outstanding litigation involving the Group Companies, which may have a material impact on the Company. 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 below shall apply.

POLICY ON MATERIALITY:

For the purpose of point number (iv) above, any other pending litigation involving the Company, Subsidiaries, Promoters and its Directors and shall be considered "material" for the purpose of disclosure in the Issue Documents if: -

- (i) The monetary amount of the claim made by or against the Company, its subsidiaries, Promoters, Directors in any such pending litigation is equal to or in excess of 5% of the consolidated revenue of the Company or 5% of the consolidated Profit after Tax, whichever is lower, as per the last restated financial statements of the Company for a complete financial year, as included in the Issue Documents; or
- (ii) Where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed the amount determined as per clause (i) above, and the amount involved in all of such cases taken together exceeds the amount determined as per clause (i) above;
- (iii) Any such pending litigation / proceeding involving the Directors or Promoter of our Company, which may have a material adverse impact on the business, operations, performance, prospects, financial position or reputation of our Company; and
- (iv) Any such litigation wherein a monetary liability is not determinable or quantifiable, or which does not fulfil the threshold as specified in (a) or (b) or (c) above, as applicable, or wherein our Company is not a party, but the outcome of which could, nonetheless, have a material effect on the business, operations, performance, prospects, financial position or reputation of our Company.

AMENDMENT

The Managing Director of the Company in consultation with the Board of Directors 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.
