

PAJSON AGRO INDIA LIMITED



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**POLICY ON
IDENTIFICATION OF
MATERIAL
CREDITORS AND
MATERIAL
LITIGATION**

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A. INTRODUCTION

This Policy has been formulated to define the materiality for identification of outstanding material litigation and outstanding dues to material creditors in respect of Pajson Agro India 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 Regulations**”).

B. APPLICABILITY AND OBJECTIVE

This policy shall be called the ‘Policy on Identification of Material Creditors and Material Litigations’ (“**Materiality Policy**”).

The Board of Directors of the Company (“**Board**”) at their meeting held on 23rd August, 2025, discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of this Materiality Policy by the Board.

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

In this Materiality Policy, the term “**Issue Documents**” shall mean the Draft Red Herring Prospectus, Red Herring 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, (“**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 Materiality Policy shall have the same meanings ascribed to such terms in the Issue Documents.

In this Materiality 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 CREDITORS AND MATERIAL LITIGATIONS

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

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 on materiality 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 and other creditors, separately giving details of the number of cases and amount involved; and
- (iii) Complete details about outstanding overdues 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 Documents.

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Policy on materiality:

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 is following under the below criteria is equal to or exceeds, an amount which is lesser of:

- a) 2% of turnover, as per the last audited consolidated financial statements of the Company
- b) 2% of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
- c) 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company.

Disclosures in the Issue Documents regarding material creditors

- (i) For creditors identified as 'material' based on the abovementioned 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 Documents 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 Documents.
- (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

- 1. all the pending litigations involving the Company, its 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 pending litigations based on lower of threshold criteria mentioned below:
 - a) two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer; or
 - b) two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or

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- 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 issuer.
- 2. All criminal proceedings involving key managerial personnel and senior management of the issuer and also the actions by regulatory authorities and statutory authorities against such key managerial personnel and senior management of the Company shall be disclosed.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose: (a) any disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action; and (b) outstanding litigation involving the Group Companies, the outcome of which in the opinion of the Board, may have a material impact on the Company, as applicable.

D. AMENDMENT

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