



NATRINAI VENTURES LIMITED

Policy for Identification of Material Creditors, Group Company and Material Litigation

(Adopted by the Board of Directors on May 31, 2025)

CIN: U40100TZ2015PLC021605

Registered Address: No.114, E4, 4th Floor, Sreemathi Mariammal Towers, Race Course, Coimbatore
Racecourse, Coimbatore, Coimbatore South, Tamil Nadu, India, 641018



Policy for Identification of Material Creditors, Group Company and Material Litigation

INTRODUCTION

This policy (the “**Policy**”) has been formulated to define certain materiality policies in respect of the proposed initial public offering of the equity shares of Natrinai Ventures Limited (the “**Company**”, and such offering, the “**Offer**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”) in respect of the following:

- a) Identification of the ‘material’ outstanding litigation
- b) Identification of the ‘material’ creditors of the Company; and
- c) Identification of the ‘material’ companies to be disclosed as group companies of the Company in the Offer Documents (*as defined below*).

APPLICABILITY

The board of directors of the Company (the “**Board**”) at their meeting held on May 31, 2025, discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board.

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 the case may be, in connection with the proposed initial public offering of the equity shares of the Company, to be filed with the SME Platform of Bombay Stock Exchange Limited (“**BSE SME**” or “**Stock Exchange**”), the Registrar of Companies, Tamil Nadu at Coimbatore and the Securities and Exchange Board of India (“**SEBI**”).

All capitalised terms not specifically defined in this Policy shall have the same meaning as ascribed to such terms in the Offer Documents.

I. 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 Offer 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 Offer 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 Offer Documents; or
 - (b) Litigation where the value or expected impact in terms of value, exceeds the lower of 2



the following:

- i. two percent of turnover, as per the latest annual restated financial statements of the Offer Documents;
- ii. two percent of net worth, as per the latest annual restated financial statements of the Offer 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 Offer Documents.

Additionally, in accordance with the SEBI ICDR Regulations, the Company shall disclose following outstanding legal proceedings in the Offer 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 Offer Documents:

- (i) All outstanding criminal proceedings (including first information reports even if no cognizance has been taken by any court);
- (ii) 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);
- (iii) 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 Offer Documents, including outstanding action;
- (iv) 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
- (v) 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 Offer Documents.

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 Offer 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**)

Further, the following litigation shall also be considered 'material' and shall be disclosed in the Offer Documents, (i) all outstanding civil litigation / arbitration proceedings involving the Relevant Parties where the decision in such a proceeding is likely to affect the decision in similar proceedings, even though the amount involved in any individual proceeding does not exceed the Materiality Threshold; and (ii) all outstanding civil litigation / arbitration proceedings, involving Relevant Parties, where



monetary liability is not quantifiable or which does not exceed the Materiality Threshold or any other outstanding litigation / arbitration proceedings, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, cash flows, financial position or reputation of the Company.

It is clarified that for the above purposes, pre-litigation notices received by the Relevant Parties from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall not be evaluated for materiality until such persons are impleaded as defendants or respondents in proceedings before any judicial/ arbitral forum or is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.

It is also clarified that for the purposes of the above, pre-litigation notices received or sent by any of the Relevant Parties from/to third parties (excluding those notices issued by statutory or regulatory or governmental or taxation authorities and notices threatening criminal action or FIRs), shall not be considered as litigation until such time that the Relevant Parties are not impleaded as a party in the litigation proceedings before any judicial/ quasi-judicial or arbitral forum, unless otherwise decided by our Board.

With respect to outstanding litigations involving the Group Companies, only such outstanding litigations shall be disclosed in the Offer Documents, that could have a material impact on the Company in the opinion of the Board. All Group Companies are required to identify in their certificates pending litigation involving such companies which are considered material by the respective Group Company and which, in their view may have a material impact on the company. Having received details of such litigation from the Group Companies, the Company (acting through its Board) will determine which of such identified litigation may have a material impact on the Company.

The Company will also disclose any findings/observations of any of the inspections by SEBI or any other regulator involving the Company, which are material and which need to be disclosed or non-disclosure of which may have bearing on the investment decision.

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

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than the subsidiaries and the promoters) with which the Company has had related party transactions, during the period for which financial information as covered in the restated financial statements is disclosed in the Offer Document(s), as covered under Accounting Standard 18 ("AS 18"), and also other companies as considered material by the Board.

The policy on identification of companies to be disclosed as group companies (other than those covered under AS 18), as below, shall be disclosed in the Offer Documents.

Policy on materiality:

For the purpose of disclosure in the Offer Documents, a company shall be considered material and will be disclosed as a "Group Company" in the Offer Documents if:

- (i) Such companies (other than our Promoters) with which the Company had related party transactions, as disclosed in the Restated Financial Statements in any of the last three financial years as included in the Offer Documents i.e., Fiscal 2025, 2024 and 2023, as covered under the applicable accounting standards; and
- (ii) any other company as may be identified as material by the Board.

With respect to point no. (ii) above, all such companies (other than the Promoter and the companies covered under point no. (i) above) shall be considered "material" and will be disclosed as "Group Companies" in the Offer Documents that are part of the Promoter Group as defined in Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which there were transactions during the last completed fiscal year to be included in the



Offer Documents ("Test Period") which individually or in the aggregate, exceed 10% of the revenue from operations of the Company for the Test Period as per the Restated Financial Statements.

III. Identification of the 'material' creditors of the Company

Requirement:

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

- (i) Based on the policy on materiality defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;
- (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 will be disclosed in the Offer Documents; 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 Offer Documents.

Policy on materiality:

For identification of material creditors, in terms of point (i) above, a creditor of our Company shall be considered to be 'material' for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor is equal to or exceeds 10% of the total trade payables of the Company as of the end of the latest financial period covered in the restated financial statements disclosed in the Offer Documents. Further, for outstanding dues to MSMEs or other creditors, the disclosure will be based on information available with the Company regarding the status of the creditors as MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, read with the rules and notification thereunder, as has been relied upon by the Statutory Auditors in preparing their Audit Report.

GENERAL

It is clarified that the Policy is solely for the purpose of disclosure requirements in the Offer Documents prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose including for disclosure of material information by listed entities pursuant to the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any other regulatory, judicial, quasi-judicial, governmental, administrative or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by Stock Exchange through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints.

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

For NATRINAI VENTURES LIMITED,


WHOLE-TIME DIRECTOR & CEO
DIN : 07281907

For NATRIAL VENTURES LIMITED

WHOLE TIME DIRECTOR & CEO
DIN : 0281907