



PRAGYAWAN TECHNOLOGIES LIMITED

CIN: U29292DL2011PLC222502

MATERIALITY POLICY FOR DISCLOSURES IN THE OFFER DOCUMENTS

MATERIALITY POLICY

INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies in respect of Pragyawan Technologies Limited (the “**Company**”), 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 from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of companies to be disclosed as Group Companies in the Offer Documents (as defined below);
- B. Identification of ‘material’ outstanding litigation involving the Company, its promoter and its directors (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of ‘material’ creditors.

APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on May 27, 2026, discussed and approved this Policy. This Policy shall be effective from the date of approval of the Policy by the Board.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus to be filed and/ or submitted by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, National Capital Territory of Delhi-I, at South Delhi (“**RoC**”), the National Stock Exchange of India Limited and BSE Limited (National Stock Exchange of India Limited and BSE Limited shall be collectively referred to as “**Stock Exchanges**”) where the equity shares of the Company are proposed to be listed, as applicable.

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

A. Identification of companies to be disclosed as Group Companies in the Offer Documents

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than the promoters) with which there were related party transactions (in accordance with the applicable accounting standards), during the period for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24, 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 Ind AS 24), 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) The Company has entered into related party transactions with companies as described under Ind AS 24 during any of the financial periods being included in the Offer Documents; and
- (ii) any other company as may be identified as material by the Board.

Accordingly, for (i) above, all such companies with which there were related party transactions during the period covered in the Restated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies.

With respect to point (ii) above, the policy on identification of any other ‘material’ companies for consideration as Group Companies (other than those covered under the schedule of related party transactions as per the Restated Financial Information), is as set out below.

For the purpose of disclosure in the Offer Documents, all such companies (other than the companies categorized under (i) above) shall be considered material and will be disclosed as a Group Company in the Offer Documents if such Company is a member of the Promoter Group of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and with which the Company has entered into one or more transactions with such Company during the most recent completed Fiscal and relevant stub period, if any, in respect of which the Restated Financial Information is disclosed in the Offer Documents, and which individually or in the aggregate, in value, exceeds 10% of the revenue from operations of the Company for such period.

B. Identification of ‘material’ litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Company and its Subsidiaries, its Directors, and Promoters (collectively “**Relevant Parties**”):

- (i) All criminal proceedings, including matters which are at first information report stage where no/ some cognizance has been taken by any court involving the Relevant Parties;
- (ii) All actions by regulatory authorities and statutory authorities, including notices by such authorities and any findings/observations or warning letters of any of the inspections by SEBI or any other regulatory authority involving the Relevant Parties, which are material and which need to be disclosed or non-disclosure of which may have bearing on the investment decision in relation to the Offer shall be disclosed in the Offer Documents including and all penalties;
- (iii) Disciplinary action including penalty imposed by SEBI or Stock Exchanges against the Promoters in the last five financial years preceding the date of the relevant Offer Document, including outstanding action;
- (iv) Claims related to direct and indirect taxes, for all the Relevant Parties in a consolidated manner, giving details of the number of cases and total amount, provided that if the amount involved in any such claims exceeds the materiality threshold, such matter(s) shall be disclosed on an individual basis;
- (v) Other pending litigations (including civil litigations or arbitration proceedings) involving the Relevant Parties - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

Additionally, in accordance with the SEBI ICDR Regulations, the Company shall disclose following outstanding legal proceedings in the Offer Document involving the Key Managerial Personnel and Senior Managerial Personnel (together, the “**Personnels**”) of the Company:

- (i) all criminal proceedings including matters which are at first information report stage whether cognizance has been taken or not by any court or judicial authority; and
- (ii) all outstanding actions by regulatory and statutory authorities including notices by such authorities (including any judicial, quasi-judicial, administrative authorities or enforcement authorities).

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation (including civil litigations or arbitration proceedings) involving the group companies which has a material impact on the Company. Any pending litigation (including civil litigations or arbitration proceedings) involving the group companies, as identified in accordance with provisions of SEBI ICDR Regulations, would be considered to have a ‘material impact’ on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, cash flows, performance, prospects, financial position or reputation of the Company.

- (vi) *Policy on materiality:*

Other than litigations mentioned in points (i) to (iv) above, any other pending litigation, as mentioned in (v), involving the Relevant Parties shall be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) Monetary threshold: the aggregate monetary claim/ dispute amount/ liability involved/expected impact in such proceeding exceeds the lower of the following:
 - (A) 2% of the turnover of the Company for the most recent financial year as per the Restated Financial Information; or
 - (B) 2% of the net worth of the Company as at the end of the most recent financial period as per the Restated Financial Information, except in case the arithmetic value of the net worth is negative; or
 - (C) 5% of the average of the absolute value of the profit or loss after tax of the Company for the last three financial years as per the Restated Financial Information ("**Threshold**").

(The lowest of the (A), (B) and (C), shall be the materiality threshold for disclosure of such litigation.)
- (ii) Subjective threshold: such pending matters which are not quantifiable or do not exceed the Threshold, involving the Relevant Parties, whose outcome, in the opinion of the Board, would materially and adversely affect the Company's business, prospects, performance, operations, financial position, reputation or cash flows; or
- (iii) Additional threshold: there are any findings or observations arising out of any of the inspections by SEBI or by any other regulator in or outside India, which are outstanding.

It is clarified that for the purpose of this Policy, pre-litigation notices received by the Relevant Parties and Personnels from third parties (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation authorities or notices threatening criminal action) shall, in any event, not be considered as litigation and evaluated for materiality, until such time that Relevant Parties and Personnels are impleaded as defendants in litigation proceedings before any judicial/arbitral forum or unless decided otherwise by the board of directors of the Company.

C. Identification of 'material' creditors

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 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 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.

For outstanding dues to MSME and 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 read with Section 7 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.

Policy on materiality:

For identification of material creditors, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor is equivalent to or in excess of 5% of the restated total outstanding trade payables of the Company as of the end of the latest financial period covered in the restated financial information disclosed in the Offer Documents.

GENERAL

It is clarified that the Policy is solely for the purpose of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents, and should not be applied towards any other purpose, including for disclosure of material information by listed entities pursuant to 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 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 disclosures that may arise from any investor or other complaints.

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time. All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

Date: [●]

Place: [●]