

SHANTHALA FMCG PRODUCTS LIMITED
(Formerly known as Shanthala FMCG Products Private Limited)

POLICY ON IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS

A. 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 Shanthala FMCG Products 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”). This Policy has been adopted by the Board at its meeting held on July 18, 2023.

B. APPLICABILITY AND OBJECTIVE

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

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

“Offer Documents” means the Draft Prospectus filed or 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, Bangalore (“RoC”) and 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. 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.

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

The policy with respect to the identification of the group companies of our Company, material creditors and material litigation shall be as follows:

Identification of the ‘Material’ Group Companies:

Requirement:

As per the requirements of the SEBI ICDR Regulations, Group Companies include such companies as covered under the applicable accounting standards as amended from time to time, as per the restated financial statements for three (3) financial years and also any other companies as considered material by the board of directors of the Company.

Policy on Materiality:

A company shall be considered material and will be disclosed as a 'Group Company' if such companies forming a part of Related Parties as covered under the applicable accounting standards as amended from time to time, as per the restated financial statements for three (3) financial years and also any other companies as considered material by the board of directors of the Company.

For avoidance of doubt, it is hereby clarified that the Subsidiaries shall not be considered as Group Companies for the purpose of disclosure in the Offer Documents.

Identification of Material Creditors:

Requirement:

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

- (i) Based on the policy on materiality defined by the Board and as disclosed in the Offer Document, disclosure for such creditors; and
- (ii) Consolidated information on outstanding dues to small scale undertakings material dues to trade creditors separately, giving details of number of cases and aggregate amount for such dues.

Policy on materiality:

All outstanding dues owed by Company to small scale undertaking and other creditors exceeding 5% of the revenue of our Company as per the audited previous full year financial statements shall be considered as material by our Board and the same will be disclosed in the Annual report of the Company. (Each creditor, to whom our Company individually owes a net aggregate amount that exceeds 5% of the trade payables as per the Restated Financial Statements for the most recent financial year, shall be considered as a material creditor of our Company.)

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 Litigation Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the company, its directors/ promoters/ group companies/ subsidiaries (if any) related to:

- (i) All criminal proceedings;
- (ii) All actions by statutory / regulatory authorities;
- (iii) Taxation related matters; and
- (iv) Other pending litigations - as per policy of materiality defined by the Board

Policy on materiality:

Other than litigations mentioned in point (i) to (iii) above, any other pending litigation involving the company, its directors/ promoters/ group companies/ subsidiaries shall be considered “material” if, exceeds 5% of the revenue of our Company as per the audited previous full year financial statements and as considered material by the board of directors of the Company.

D. AMENDMENT

The Board (including its duly constituted committees wherever permissible), 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.