POWERICA LIMITED

LITIGATION MATERIALITY POLICY

Policy adopted at Board of Directors meeting held on July 14, 2025

LITIGATION MATERIALITY POLICY

This policy (the "**Materiality Policy**") has been formulated to define the respective materiality thresholds in respect of Powerica Limited (the "**Company**") in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**"), to be disclosed in the draft red herring prospectus, the red herring prospectus, the prospectus and any addendum or corrigendum thereto (collectively, the "**Offer Documents**") in respect of the following:

(i) identification of all outstanding legal proceedings involving the Company, its subsidiaries, promoters and directors ("**Relevant Parties**");
(ii) identification of outstanding legal proceedings involving the key managerial personnel ("**KMP**") and senior management personnel ("**SMP**") of the Company, each as identified in the Offer Documents;
(iii) approach on disclosure of outstanding litigation involving the group companies of the Company, as identified in the Offer Documents ("**Group Companies**"); and
(iv) Identification of material dues owed to creditors of the Company.

This Materiality Policy shall be effective from the date of its approval by the board of directors of the Company ("**Board**").

I. Material Litigation

A. Material Civil Litigation:

For the purposes of disclosing material civil litigation including arbitration proceedings involving the Relevant Parties, in which the aggregate monetary claim made by or against the Relevant Parties is equal to or excess of:

(i) 2% of the turnover of our Company as per the last annual restated consolidated financial information of our Company disclosed in the relevant Offer Documents, i.e., ₹ 53.07 crores; or
(ii) 2% of the net worth of our Company as per the last annual restated consolidated financial information, of our Company disclosed in the relevant Offer Documents, except in case the arithmetic value of the net worth is negative, i.e., ₹ 21.71 crores; or
(iii) 5% of the average of the absolute value of the restated profit or loss after tax of the Company based on the restated consolidated financial information of the preceding three financial years disclosed in the relevant Offer Documents, i.e., ₹ 8.33 crores,

whichever is lower, in this case being, 8.33 Cr, based on the Restated Consolidated Financial Information of the preceding three financial years.("**Materiality Threshold**");

Subject to the following:

(i) all outstanding civil litigation/arbitration proceedings, involving Relevant Parties, where monetary liability is not quantifiable or which does not exceed the 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, financial position or reputation of the Company.

(ii) 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.

(iii) all outstanding civil litigation / arbitration proceedings involving or pertaining to the title of the portfolio (held directly/indirectly by the Company) will be deemed material.

B. ***<u>Other Legal Proceedings:</u>***

Please note that in addition to the Material Civil Litigation involving the Relevant Parties, the Company shall disclose the following legal proceedings in the Offer Documents in accordance with the SEBI ICDR Regulations:

(i) all outstanding criminal proceedings (including any notices received for such criminal proceedings and matters which are at FIR stage or police complaint has been made even if no cognizance has been taken by any court) involving the Relevant Parties;

(ii) all outstanding actions (including all disciplinary actions, penalties, and show cause notices) by regulatory authorities and statutory authorities against the Relevant Parties (including any judicial, quasi-judicial, administrative authorities or enforcement authorities);

(iii) all outstanding criminal proceedings (including FIRs, whether cognizance has been taken or not) involving the KMPs and SMPs;

(iv) all outstanding actions (including all disciplinary actions, penalties, and show cause notices) by regulatory authorities and statutory authorities against the KMPs and SMPs;

(v) 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

(vi) any other litigations (including civil and arbitration proceedings) as determined to be material by our Board as per the Materiality Policy adopted by our Board will be disclosed in the Offer Documents.

Further, any disciplinary action including any 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 as required under the SEBI ICDR Regulations will be disclosed in the Offer Documents.

For the purposes of the above, pre-litigation notices received by Relevant Parties and the KMPs and the SMPs, from third parties (excluding those show-cause notices issued by statutory or regulatory or governmental or taxation authorities and notices threatening criminal action), shall not be considered as litigation until such time that the Relevant Parties are not impleaded as a defendant in the litigation proceedings before any judicial/ quasi-judicial or arbitral forum, unless otherwise decided by our Board. For abundant clarity, pre-litigation notices issued by statutory or regulatory authorities, including taxation authorities, against the Relevant Parties, and the KMPs and the SMPs which are by its nature information request shall not be disclosed.

II. Material dues owed to creditors

Requirement for identification of 'material' creditors:

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 and adopted 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 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.

Policy on materiality:

In relation to disclosure of outstanding material dues owed to creditors, we propose that dues owed by the Company to any creditor of the Company having a monetary value which exceeds 5% of the total trade payables of the Company, as on the end of the latest financial period included in the Restated Consolidated Financial Information of the Company disclosed in the Offer Documents, shall be considered as material dues owed by the Company to its creditors

for the purposes of the DRHP. Further, for outstanding dues to micro, small or medium enterprise ("**MSME**"), the disclosure will be based on information available with the Company regarding status of the creditor as MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by statutory auditors in preparing their audit report.

III. Litigation approach for Group Companies:

All Group Companies shall identify pending litigations which are considered material by the respective Group Companies and which, in view of the Board may have a material impact on the Company will be disclosed in the Offer Documents. Any pending litigation 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.

For the purposes of the above, pre-litigation notices received by such Group Companies from third parties shall not be considered material until such time that such group company is impleaded as a defendant in litigation that may be commenced before any judicial or arbitral forum.

IV. Diligence and certifications

- Please note for all identified outstanding litigations (including tax matters, if any) involving the Company and Subsidiaries, the case papers will have to be made available on the VDR.
- In respect of all litigations (including tax matters, if any) involving the (i) Directors; (ii) Group Companies; (iii) Promoters; (iv) KMPs; and (v) SMPs, reliance will be placed on the certificates to be provided by each of the Directors, Group Companies, Promoters, KMPs and SMPs.
- Numbers and amounts appearing in litigation disclosures to be circled up by the statutory auditor.
- All Group Companies, if any, shall identify pending litigation which are considered material by the respective group company. The Board will determine which of these identified litigation matters may have a material impact on the Company, and which in their view may have a material impact on the Company.
- Additionally, all disclosures on pending legal proceedings involving material foreign subsidiaries of the Company will be ascertained and included from the filled-in version of the foreign counsel opinions, once received. Further, for foreign subsidiaries which are not material, reliance with respect to litigation disclosure for them will be on the certificates that will be issued by them. Details of all pending legal proceedings involving

the Indian subsidiaries in foreign jurisdictions, if any, will be included from their respective certificates, once received.

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013, as amended and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents or by SEBI and/or such other applicable 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. In this regard, it is clarified that the above policy on materiality is solely from the perspective 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.

This Materiality 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 Materiality Policy shall have the meanings ascribed to such terms in the Offer Documents.