

**SMR JEWELS LIMITED**  
**(Formerly known as SMR Jewels Private Limited)**

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

Approving Authority	Board of Directors of the Company
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Review cycle	As recommended by the Board of Directors of the Company

## **POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS**

### **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 **M/s SMR Jewels 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 March 05, 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 offer documents.

In this Materiality Policy, the term "**Issue Documents**" shall mean the Draft Red Herring Prospectus, the 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, Gujrat ("**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 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:

**C1. 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 number of cases and amount involved; and
- (iii) Complete details about outstanding over 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 Issue Documents.

***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 exceed 5% of the total consolidated trade payables of the Company as per the latest restated financial statements of the Company, as disclosed in the Issue Documents.

***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 Document.
- (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.

## **C2. IDENTIFICATION OF MATERIAL LITIGATION:**

### ***Requirement:***

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following litigation(s) involving issuer, its Directors, its Promoters, KMPs, SMPs and its subsidiaries ("Relevant Parties") in the Offer Documents:

1. Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:
  - (i) All criminal proceedings;
  - (ii) All actions by statutory / regulatory authorities;
  - (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters during the previous five financial years including outstanding action;
  - (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;
  - (v) Other pending litigation – Other pending litigations based on lower of threshold criteria mentioned below–
    - a. As per the policy of materiality defined by the Board / Issue Committee of the Issuer and disclosed in the DRHP/ RHP or
    - b. Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
      - 2% of turnover, as per the latest annual restated consolidated financial statements of the issuer; or

- 2% 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
  - 5% of the average of absolute value of profit or loss after tax, as per the last 3 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 issuer.

***Policy on materiality:***

Other than litigations mentioned in points (1) to (2) above, any other pending litigation involving the Issuer shall be considered “material” for the purpose of disclosure in the Offer Document if:

- a. the aggregate amount involved in such individual litigation exceeds 1% of the annual turnover of the Company, as per the last audited financial statements; or
- b. where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 1% of the annual turnover of the Company as per the last audited financial statements, if similar litigations put together collectively exceed 1% of the annual turnover of the Company; or
- c. litigations whose outcome could have a material impact on the business, operations, prospects or reputations of the Company and the Board or any of its committees shall have the power and authority to determine the suitable materiality thresholds for the subsequent financial years on the aforesaid basis or any other basis as may be determined by the Board or any of its committees.

**D. AMENDMENT**

The Managing Director 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.