



## **PB FINTECH LIMITED**

### **MATERIALITY POLICY FOR DISCLOSURE IN OFFER DOCUMENTS INTRODUCTION**

This policy (“Policy”) has been formulated to define the respective materiality policies in respect of PB Fintech 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, to be disclosed in the Offer Documents (as defined below):

- A. identification of material companies to be disclosed as group companies;
- B. identification of ‘material’ litigation (excluding 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 July 26, 2021 discussed and approved this Policy. This Policy shall be effective from the date of approval of policy by the Board.

“Offer Documents” means the draft red herring prospectus, the red herring prospectus and the prospectus (each together with any addenda or corrigenda thereto) to be filed/submitted by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, the Registrar of Companies, National Capital Territory of Delhi and Haryana and/or the 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 material companies to be disclosed as group companies**

##### *Requirement*

As per Regulation 2(1)(t) of the SEBI ICDR Regulations, group companies of a company include such companies (other than the promoters and subsidiaries of such company) (i) with which there were related party transactions, during the period for which financial information is disclosed in the offer documents issued by such company in a public offering, as covered under the applicable accounting standards; and (ii) other companies as considered material by the board of directors of such company.

The policy set out below on identification of material companies to be disclosed as group companies under point (ii) above, shall be relied upon for the purposes of disclosure in the Offer Documents

##### *Policy on Materiality*

For the purpose of disclosure in the Offer Documents, the following shall be considered group companies of the Company: (i) such companies (other than any subsidiaries of the Company) with which there were related party transactions, during the period(s) for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24; and (ii) any other companies as may be identified as material by the Board.



**B. Identification of ‘material’ litigation (excluding 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, its Directors and Subsidiaries (collectively “**Relevant Parties**”):

- (i) all criminal proceedings;
- (ii) all actions by regulatory authorities and statutory authorities;
- (iii) claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (iv) Other pending litigation - As per the materiality policy defined by the board of directors of the Company and disclosed in the Offer Documents

Pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory / regulatory / governmental / tax authorities) shall, in any event, not be considered as litigation until such time that Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving any group companies, which has a material impact on the Company.

*Policy on Materiality*

Other than litigations mentioned in points (i) to (iii) above, any other pending litigation involving the Relevant Parties would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

- a) the claim / dispute amount, to the extent quantifiable, exceeds 1% of the revenue from operations of the Company for Fiscal 2021 or 1% of the total net worth of the Company as of March 31, 2021, whichever is lower, as per the restated financial information included in the Offer Documents;
- b) tax proceedings which individually involve an amount greater than the materiality threshold as defined in (a) above, to be disclosed individually;
- c) summary disclosure of consumer complaints filed with consumer forums or Lok Adalats; and
- d) where the monetary impact is not quantifiable or the amount involved may not exceed the materiality threshold set out under (a) above, but an outcome in any such litigation would materially and adversely affect the Company’s business, operations, cash flows, financial position or reputation 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 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 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, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceeds ₹53.24 million.

**GENERAL**

This policy shall be subject to review/changes by the Board or Committee duly constituted by the Board, as may be deemed necessary and as required for compliance with regulatory amendments from time to time.

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