



MATERIALITY POLICIES

Identification of ‘Material’ Group Companies:

Requirement:

As per the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations**”), "Group companies", wherever this term occurs, shall include such companies as covered under the applicable accounting standards (i.e. Indian Accounting Standard 24 (“Ind AS 24”) and also any other companies as considered material by the Board. The policy on materiality for determination of such companies as considered material by the Board, as below, shall be disclosed in the draft red herring prospectus, red herring prospectus and prospectus issued by the Shakun Polymers Limited (the “Company”) in accordance with the provisions of the SEBI ICDR Regulations for the initial public offering of its equity shares (the “**Offer Documents**”).

Policy on materiality:

1. Companies having ‘material relationship’ with Shakun Polymers Limited shall be considered to be Group Companies. For the purposes of determining ‘material relationship’, the following criteria shall be adopted:
 - a. such companies forms part of the Promoter Group, (as defined under section 2(1)(zb) of the SEBI ICDR Regulations) and the Company has entered into one or more transactions with such companies forming part of the Promoter Group that, individually or cumulatively exceeds 10.00% of the total restated revenue of the Company, in the last financial year and any stub period in respect of which, such financial statements are included in the Offer Documents
 - b. As regards non-quantifiable transactions entered into by the Company any entity forming part of the Promoter Group, the materiality of such transactions shall be determined on the basis of qualitative factors.

For the avoidance of doubt, it is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/or such other applicable authority with respect to listed companies and 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.

Identification of 'Material' Litigation (excluding criminal proceeding, statutory/regulatory actions and taxation matters):

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigations involving the Company/ its directors/ its subsidiary/ its promoter/ group companies in relation to:

- (i) All criminal proceedings;
- (ii) All actions by statutory / regulatory authorities;
- (iii) Taxation - Separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount;
- (iv) Other pending litigations - As per the policy of materiality defined by the board of the issuer and disclosed in the Offer Documents.

Policy on materiality:

Other than litigations mentioned in points (i) to (iii) above, any other pending litigation involving the Company, its promoters and its directors shall be considered "material" for the purpose of disclosure in the Offer Documents if -

- a. the potential financial liability/monetary claim by or against the Company, its directors and its promoters in any pending matter(s) is in excess of either 1% of profit after tax or 1% of networth as per the last full Year restated financial statements of the Company, whichever is lower.
- b. any such litigation wherein the monetary liability is not quantifiable or does not meet the specific threshold and parameters as set out in (a) above, but where an adverse outcome in such litigation would materially and adversely affect the business, operations, financial position or reputation of the Company or required to be disclosed as may be prescribed by any regulatory authority.

Further, the pre-litigation notices received by Company, its promoters and its directors, from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that any of the Company, its promoters and its directors are impleaded as defendants in litigation proceedings before any judicial forum.

It is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and / or such other governmental authority with respect to listed companies and 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.

Furthermore, the above policy on materiality shall be without prejudice to the disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents.

Identification of 'Material' Creditors:-

Requirement:

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

- (i) Based on the Policy on materiality of the Board and as disclosed in the Offer Documents, disclosure for such creditors;
- (ii) Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved;
- (iii) Complete details about outstanding dues to creditors as per (i) and (ii) above shall be disclosed on the webpage of the company with a web link thereto in the Offer Documents.

Policy on materiality:

For identification of material creditors, such creditors of the Company, shall be considered to be material for the purpose of disclosure in the Offer Documents, if the amount due to any one of them exceeds 5% of the outstanding trade payables as per the latest restated financial statements of the Company.

Disclosures in Offer Documents regarding material creditors and SMEs

- (i) For creditors identified as material based on the abovementioned Policy, complete details of such material creditors including name and outstanding dues to each material creditor would be disclosed in the Offer Documents and the website of the Company;
- (ii) For outstanding dues to any party which is a Small Scale Undertaking ("**SSI**") or a Micro Small and Medium Enterprises ("**MSME**"), the disclosure will be based on information available with the Company regarding status of the suppliers as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as has been relied upon by the auditors. Consolidated information for such identified SSI/MSMEs and creditors shall be provided in the Offer Documents in the following manner:
 - a. consolidated amounts due to such entities; and
 - b. aggregate number of entities.
- (iii) Complete details about outstanding dues to creditors shall be disclosed on the webpage of the Company with a web link thereto in the offer documents.

The Company shall make relevant disclosures before the Audit Committee/ Board as required by the applicable law from time to time.

It is clarified that the above policy on materiality of creditors shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other applicable regulatory authority with respect to listed companies and 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 the website of the Company and should not be applied towards any other purpose.

General:

The above policies shall be subject to review/changes by the Board as may be deemed necessary and in accordance with regulatory amendments, from time to time.