

MATERIALITY POLICY

Introduction

This document has been formulated to define the materiality policy for identification of (1) material litigation involving Jaro Institute of Technology Management and Research Limited (the “**Company**”), its Directors, and its Promoter (the “**Relevant Parties**”); (2) the material creditors of the Company; and (3) Group Companies each in terms of the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”) (together, the “**Policy**”).

This Policy shall be effective from the date of its approval by the Board of Directors of the Company (the “**Board**”) or a duly constituted committee thereof. This Policy was approved by the Board at their meeting held on 26/09/2024.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus (“**DRHP**”), the red herring prospectus, and the prospectus, including any addendum or corrigendum thereto to be filed and/or 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 “**SEBI**”), the Registrar of Companies, Maharashtra at Mumbai and the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable; and the term “**Restated Consolidated Financial Information**” shall mean the restated consolidated financial information of the Company included in such Offer Document.

1. Materiality policy for litigation

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigation, each involving the Relevant Parties in the Offer Document:

- (a) All outstanding criminal proceedings (including matters which are at the FIR stage even if no cognizance has been taken by any court);
- (b) All actions (including all penalties and show cause notices) by statutory and / or regulatory authorities;
- (c) Outstanding taxation proceedings - disclosures regarding claims related to direct and indirect taxes, in a consolidated manner, giving details of the number of cases and total amount involved. In the event any tax matters involve an amount exceeding the threshold proposed in A(i) below, in relation to each Relevant Party, individual disclosures of such tax matters will be included.; and

- (d) All other pending civil litigation or arbitration proceedings – as per the policy of materiality defined by the Board and disclosed in the Offer Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose: (a) any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges against the Promoter in the five financial years preceding the date of the relevant Offer Document, including any outstanding action; and (b) outstanding litigation involving the Group Companies, which may have a material impact on the Company, as applicable.

Note: The Group Companies should provide a full list of their litigation to the Company, and the Company will identify any litigation involving Group Companies which may have a material impact on the Company.

Note: In relation to the matters under Section 138 of the Negotiable Instruments Act, we propose to include a consolidated disclosure providing details of the total number of Section 138 matters and the aggregate amount involved. We propose to undertake due diligence of such matters on a sample basis. Additionally, in relation to FIRs involving the Company, we propose to undertake due diligence of and disclose details of each of the FIRs filed. We propose to include details of matters which are at the stage of police complaints involving the Company and investigation in a consolidated matter.

For the purposes of determining litigation/arbitration proceedings referred to in point (d) above, the following criteria shall apply:

- A. Any pending litigation / arbitration proceedings (other than litigations mentioned in points 1 (a) to (c) above) involving any of the Relevant Parties shall be considered “material” for the purposes of disclosure in the Offer Documents, if:
- (i) the aggregate monetary claim/ dispute amount/ liability made by or against the Relevant Party, in any such pending litigation / arbitration proceeding is equal to or in excess of 1% of the total income *i.e.* ₹ 2025.67 million as per the last fiscal year in the Restated Consolidated Financial Information; or
 - (ii) any monetary liability is not quantifiable or does not fulfil the threshold as specified in paragraph A(i) above, but the outcome of which could, nonetheless, directly or indirectly, or together with similar other proceedings, have a material adverse effect on the business, operations, results of operations, prospects, financial position or reputation of the Company.

Further, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by governmental/statutory/regulatory/tax authorities

or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as material litigation, until such time that a Relevant Party is impleaded as a defendant in any proceedings before any judicial / arbitral forum. Furthermore, first information report involving the Relevant Parties shall be disclosed in the Offer Documents.

2. Materiality policy for identification of material creditors

In terms of the SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors:

- (a) based on the policy on materiality adopted by the Board of Directors and as disclosed in the Offer Documents, details of the Company's creditors, including the consolidated number of creditors and the aggregate amount involved;
- (b) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of creditors and amount involved; and
- (c) a link to the Company's website wherein details pertaining to the outstanding dues to material creditors along with complete details of each of the material creditors (name, amount involved) will be hosted.

For the purposes of identification of material creditors, in terms of point (a) above, 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 is equal to, or in excess of, 5% of the total trade payables of the Company i.e. ₹ 206.46 million as at the end of the latest financial period included in the Restated Consolidated Financial Information.

3. Materiality policy for identification of Group Companies

In accordance with the SEBI ICDR Regulations, the group companies include companies (other than the promoter and subsidiary(ies) of the issuer company) with which the issuer company had related party transactions, during the period for which financial information will be disclosed in the Offer Documents and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies with which there were related party transactions during the periods covered in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

