

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**”), its Key Managerial Personnel (“**KMPs**”) and its Senior Management (“**SMPs**”) and together with the KMPs and Relevant Parties, the “**Identified Parties**”); (2) the material creditors of the Company; and (3) Group Companies (together, the “**Policy**”), 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**”).

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 September 26, 2024, and substituted by the Policy approved by the Board at their meeting held on September 03, 2025.

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:

- (a) All outstanding criminal proceedings (including matters which are at first information report (“**FIR**”) stage even if no cognizance has been taken by any court or any other judicial authority) involving any of the Identified Parties;
- (b) All outstanding actions (including all penalties and show cause notices) by statutory and / or regulatory authorities involving any of the Identified Parties (including any judicial, quasi-judicial, administrative or enforcement authorities);
- (c) Outstanding taxation claims involving the Relevant Parties - 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) Other pending litigations involving the Relevant Parties based on lower of threshold criteria mentioned below:
 - (i) As per the policy of materiality defined by the board of directors of the Company and as disclosed in the Offer Documents; or
 - (ii) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - 1. two percent of turnover, as per the latest annual Restated Consolidated Financial Information; or

2. two percent of net worth, as per the latest annual Restated Consolidated Financial Information, except in case the arithmetic value of the net worth is negative; or
3. five percent of the average of absolute value of profit or loss after tax, as per the last three annual Restated Consolidated Financial Information.

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 Parties, in any such pending litigation / arbitration proceeding:
 - (a) two percent of turnover, as per the latest annual Restated Consolidated Financial Information: or
 - (b) two percent of net worth, as per the latest annual Restated Consolidated Financial Information, except in case the arithmetic value of the net worth is negative; or
 - (c) five percent of the average of absolute value of profit or loss after tax as per the last three annual Restated Consolidated Financial Information.

Note: For the purpose of clause (c) above, it is clarified that the average of absolute value of profit or loss after tax is to be calculated by disregarding the ‘sign’ (positive or negative) that denotes such value.

- (ii) any monetary liability is not quantifiable or does not fulfil the threshold as specified in paragraph A(i) above, as applicable, 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, performance, cash flows, prospects, financial position or reputation of the Company; or where the decision in one matter is likely to affect the decision in similar matters, such that the cumulative amount involved in such matters exceeds the amount as specified in A(i) above, even though the amount involved in an individual matter may not exceed the amount as specified in A(i) above.

- (iii) in the event any tax matters involve an amount exceeding the monetary threshold proposed in (i) above, in relation to the Relevant Parties, individual disclosures of such tax matters will be included.

Further, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by governmental/statutory/regulatory/tax/judicial/quasi-judicial/administrative 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 or respondent in any proceedings before any judicial/quasi-judicial/arbitral forum or governmental authority or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced. 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. ₹ 130.48 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.

Further, pursuant to the resolution dated 03/09/2025 passed by the Board, other than the companies categorized under (i) above, a company shall be considered "material" and will be disclosed as a "group company" if such company forms part of the Promoter Group and with which there were transactions in the most recent financial year, which individually or in the aggregate, exceed 10% of the net worth of the Company, as per the Restated Consolidated Financial Information for that period.

General

It is clarified that the above-mentioned policies are 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.

The above-mentioned policies shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other regulatory or statutory 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.

The above-mentioned policies shall be subject to review / changes as may be deemed necessary and in accordance with regulatory amendments from time to time and the Board or any of its duly authorized committees shall have the power to amend and substitute the provisions of this Policy or to replace the Policy in its entirety.

All other capitalised terms not specifically defined in these policies shall have the same meanings ascribed to such terms in the Offer Documents.