

MATERIALITY POLICY

1. Introduction

- 1.1 This materiality policy (this “**Policy**”) has been formulated for the identification of group companies, material outstanding litigation and outstanding dues to creditors of Venus Pipes & Tubes Limited (the “**Company**”), pursuant to the disclosure requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”).
- 1.2 The board of directors of the Company (the “**Board**”) at their meeting held on October 21, 2021, discussed and approved this Materiality Policy. This Policy shall be effective from the date of approval of the Policy by the Board.
- 1.3 In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus, the prospectus and 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 Registrar of Companies, Gujarat at Ahmedabad and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

2. Identification of Group Companies

2.1 Requirement

As per the SEBI ICDR Regulations, the term “**Group Companies**”, is defined to include “*such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer*”.

In light of this requirement, subject to paragraph 2.3, the following companies are to be treated as Group Companies of the Company:

- (i) companies (*other than promoter(s) and subsidiary/subsidiaries, if any*) with which there were related party transactions, during the period for which financial information is disclosed in the relevant Offer Document (the “**Relevant Period**”), as covered under Accounting Standard (AS) 18 and Indian Accounting Standard (Ind AS) 24 (collectively, “**Accounting Standards**”); and
- (ii) companies considered to be material by the Board, in terms of the policy laid down in paragraph 2.2.

2.2 *Policy on materiality*

Based on the above-stated definition, for the purposes of paragraph 2.1(ii), a company shall be considered 'material' and will be disclosed as a 'Group Company' in the Offer Documents, if a company is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more transactions with the Company in the most recent financial year and/or the relevant stub period (in respect of which Restated Financial Statements are included in the offer documents) that individually or cumulatively exceed [10.00]% of the total revenue of the Company, as per the Restated Financial Statements of the Company of the last completed financial year.

3. **Identification of 'Material' Litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters)**

3.1 *Requirement*

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of litigation involving the Company, its Subsidiaries, Directors and Promoters :

- (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 in the last five financial years including outstanding action;
- (iv) Taxation proceedings - Separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (v) Other pending litigation - As per the policy of materiality defined by the Board and disclosed in the Offer Documents.

3.2 *Policy on materiality*

Other than litigations mentioned in paragraphs 3.1 (i), (ii), (iii) and (iv) above, any other pending litigation (including arbitration) involving the Company, its Subsidiaries, its Directors and Promoters shall be considered "material" for the purpose of disclosure in the Offer Documents if:

- (i) the aggregate monetary amount of claim involved, whether by or against the Company, its Subsidiaries, Directors, or Promoters, in any such pending litigation that is in excess of [1.00]% of the profit after tax of the Company for the last completed financial year covered in the Restated Financial Statements; or

- (ii) in the opinion of the Board, such pending litigation is material from the perspective of the Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

3.3 *Group companies' litigation*

In addition to the litigation specified in 3.1 and 3.2, in accordance with the SEBI ICDR Regulations, the Company shall disclose any pending litigation involving its group companies (as identified under Paragraph 2 above, hereinafter "**Group Companies**"), which has a material impact on the Company.

Further, pre-litigation notices (other than those issued by governmental, statutory or regulatory authorities) received by the Company, its Subsidiaries, Directors, Promoters or Group Companies, shall not be considered as litigation until such time that any of the Company, its Subsidiaries, Directors, Promoters or Group Companies, as the case may be, is made a party to proceedings initiated before any court, tribunal or governmental authority, or judicial forum.

4. **Identification of 'Material' Creditors**

4.1 *Requirement*

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

- (i) based on the policy on materiality of the Board, and as disclosed in the Offer Document, complete disclosure for such creditors which includes consolidated number of creditors and the aggregate amount involved;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprise and other creditors, separately giving details of number of cases and amount involved; 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.

4.2 *Policy on materiality*

For identification of material creditors (except banks and financial institutions from whom the Company has availed financing facilities), in terms of point (i) 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 exceed [5.00]% of the trade payables of the Company as of the end of the most recent period covered in the Restated Financial Statements.

5. **General**

It is clarified that the Policy 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.

This Policy shall be subject to review/changes as may be deemed necessary by the Board/IPO committee and in accordance with regulatory amendments from time to time. This policy shall be without prejudice to any additional disclosure requirements which may be prescribed by SEBI, the Stock Exchanges, and/or such other relevant authority with respect to listed companies, including through any observations on the Offer Documents.
