

MATERIALITY POLICY

INTRODUCTION

This materiality policy (the "Policy") has been formulated for Sotefin Bharat Limited (the "Company"), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"). The purpose of this Policy is to define the principles of materiality for identifying:

- A. Identification of material companies to be disclosed as Group Companies in the Issue Documents (as defined hereinafter);
- B. Identification of the material outstanding litigation (in addition to all criminal proceedings, tax proceedings and actions by statutory/ regulatory authorities) involving the Company, its Promoters, Directors, Key Managerial Personnel and Senior Management (collectively, the "Relevant Parties"); and
- C. Identification of material creditors and outstanding dues payable to such creditors.

APPLICABILITY

The board of directors of the Company (the "Board") at their meeting held on 08/12/2025 discussed and approved this Policy. This Policy shall be effective from the date of its approval of the Policy by the Board.

In this Policy, the term "Issue Documents" shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus and any addendum or corrigendum thereto, to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, Registrar of Companies, West Bengal at Kolkata and stock exchange 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 meanings ascribed to such terms in the Issue Documents.

In this Materiality Policy, unless the context otherwise requires:

- (a) Words denoting the singular shall include the plural and vice versa
- (b) References to the words "include" or "including" shall be construed without limitation

A. Identification of material companies to be disclosed as Group Companies

Requirement:

The SEBI ICDR Regulations define "group companies" as "such companies (other than promoter(s) and subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in the Issue Documents, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer".

Therefore, as per the requirements of the SEBI ICDR Regulations, Group Companies shall include:



(i) companies (other than the promoter(s) and subsidiaries) with which there were related party transactions, during the period for which financial information will be disclosed in the Issue Documents, as covered under the Accounting Standard (AS) 18; and

(ii) any other companies considered material by the Board of Directors of the relevant issuer company:

*A company shall be considered material and disclosed as 'Group Company' if a material adverse change in such company, can lead to a material adverse effect on the Company and its revenues and profitability.

Accordingly, for (i) above, all such companies (other than our Subsidiary) with which there were related party transactions during the periods covered in the Restated Financial Statement, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations. For the purpose of avoidance of doubt and pursuant to regulation 2(1)(t) of SEBI ICDR Regulations it is clarified that our promoters and Subsidiary will not be considered as Group Companies.

In terms of the SEBI ICDR Regulations and in terms of the policy of materiality defined by the Board of Directors pursuant to its resolution dated 08/12/2025 our Group Companies includes:

Those companies disclosed as having related party transactions in accordance with Accounting Standard ("AS 18") issued by the Institute of Chartered Accountants of India, in the Restated Financial Statements of the Company and such companies with which our Company has entered into one or more transactions during the three month period ended June 2025, and the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023, if any, the monetary value of which individually or cumulatively exceeds 10% of the total revenue of our Company for the last three financial years with which our Company on a cumulative basis exceeds 10% of the total revenue of our Company as per the Restated Financial Statements shall also be considered as group companies of the Company.

All such companies which the Board has deemed to be material to be considered as Group Companies.

B. Identification of material litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Relevant Parties:

- (i) all outstanding criminal proceedings (including matters which are at FIR stage even if no cognizance has been taken by any court);
- (ii) all outstanding actions (including all penalties and show cause notices) by regulatory and statutory authorities;
- (iii) disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years preceding the relevant Issue Documents including any outstanding action;

- (iv) claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (v) other pending litigations as per policy of materiality defined by the board of directors of the Company and disclosed in the Issue Documents.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which may have a material impact on the Company. For the purposes of determining the outstanding litigation involving the Group Companies, which may have a material impact on the Company, the criteria specified under "Policy on materiality" herein below shall apply.

Policy on materiality:

Other than the litigation mentioned in points (i), (ii) and (iii) above, any other outstanding litigation involving the Relevant Parties (including tax litigation mentioned in point (iv) above) would be considered 'material' for the purpose of disclosure in the Issue Documents, if the monetary amount of claim/ amount in dispute, to the extent quantifiable exceeds, (a) two percent of turnover, for the most recent financial year as per the restated financial information ; or (b) two percent of net worth, as at the end of the most recent financial period as per the restated financial information; or (c) five percent of the absolute value of profit or loss after tax in the mostly recently completed fiscal as per the Restated Financial Statements i.e., 30/06/2025 included in the Issue Documents, whichever is lower ("Threshold").

Further, any outstanding civil litigation/ arbitration proceedings involving the Relevant Parties wherein the monetary liability is not quantifiable, or does not exceed the Threshold, shall be considered 'material' and shall be disclosed in the Issue Documents, if the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company Further, any indirect or direct tax litigation which involves a claim amount greater than the materiality thresholds as defined above, will also be disclosed individually.

Additionally, any such litigation which does not meet the criteria set out above and an adverse outcome in which would materially and adversely affect the operations or financial position of the Company, will also be disclosed.

It is clarified that: (a) First information reports (FIRs) (whether cognizance has been taken or not) initiated against the Relevant Parties shall also be disclosed in the Issue Documents; and (b) Pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/ regulatory/governmental/ tax authorities or notices threatening criminal action) shall not be considered as litigation until such time that the Relevant Parties are impleaded as defendants/ parties in litigation/ arbitration proceedings before any judicial/ arbitral forum.

C. Identification of material creditors and outstanding dues therein

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures in the Issue Documents 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 Issue 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 Issue Documents. For outstanding dues to micro, small and medium enterprises ("MSME") and other creditors, the disclosure will be based on information available with the Company regarding the status of the creditors as MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the statutory auditors in preparing their audit report.; and
- (iii) complete details about outstanding dues 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 Issue Documents.

Policy on materiality:

For the purpose of identification of material creditors for disclosure in the Issue Documents in terms of point (i) above, a creditor of the Company shall be considered to be material, if the amounts due to such creditors is equivalent to or in excess of 5% of restated trade payables of the Company as of the end of the most recent financial period covered in the restated financial information included in the Issue Documents.

Disclosures in the Issue Documents regarding material creditors

- (i) For creditors identified as 'material' based on the abovementioned Policy, information on outstanding dues to such material creditors shall be disclosed in the Issue Documents along with the details of the material creditors, which include the consolidated number of creditors and amount involved on an aggregate basis, as of the date of the latest restated financial statements included in the Issue Documents.
- (ii) For outstanding dues to micro, small and medium enterprises ("MSMEs"), the disclosure will be based on information available with the Company regarding the status of the creditors as MSMEs as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the statutory auditors in preparing their audit report. Information for such identified MSMEs creditors shall be provided in the Issue Documents in the following manner:
 - aggregate amounts due to such MSME creditors; and
 - aggregate number of such MSME creditors. as of the date of the latest restated financial statements included in the Issue Document.
- (iii) Complete details about outstanding over dues to the material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of our Company with a web link in the Issue Documents.

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



GENERAL

It is clarified that the Policy is solely for the purpose of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Issue 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 Policy shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder or by SEBI and such other regulatory, judicial, quasi-judicial, governmental, administrative or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Issue Documents, or disclosures that may arise from any investor or other complaints.

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

AMENDMENT

The Executive Chairman of the Company in consultation with the Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new policy. This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

