



## COGENT E SERVICES LIMITED

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### MATERIALITY POLICY

#### INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies of Cogent E Services Limited (“**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of material companies to be disclosed as Group Companies;
- B. Identification of material civil litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters) involving Company, its Directors and Promoters; and
- C. Identification of material creditors.

#### APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on January 13, 2022, discussed and approved this Policy. This Policy shall be effective from the date of approval of Policy by the Board.

In this Policy the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and 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, National Capital Territory of Delhi and Haryana at New Delhi and/or the stock exchanges 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 same meanings ascribed to such terms in the Offer Documents.

#### **A. Identification of material companies to be disclosed as group companies**

##### *Requirement:*

As per Regulation 2(1)(t) of the SEBI ICDR Regulations, group companies of a company include such companies (other than the promoters and subsidiaries of such company) (i) with which there were related party transactions, during the period for which financial information is disclosed in the offer documents issued by such company in a public offering, as covered under the applicable accounting standards; and (ii) other companies as considered material by the board of directors of such company.

The policy set out below on identification of material companies to be disclosed as group companies under point (ii) above, shall be relied upon for the purposes of disclosure in the Offer Documents.

##### *Policy on Materiality*

For the purpose of disclosure in the Offer Documents, the following shall be considered group companies of the Company: (i) such companies with which there were related party transactions, during the period(s) for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24; and (ii) any other companies as may be identified as material by the Board.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations.

**B. Identification of ‘material’ litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)**

*Requirement:*

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Company, its Directors and Promoters in the Offer Documents:

- (i) All outstanding criminal proceedings;
- (ii) All actions by regulatory authorities and statutory authorities (includes any notices sent by them);
- (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action;
- (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;
- (v) Other pending civil litigations - as per policy of materiality defined by the Board and disclosed in the Offer Documents; and
- (vi) Outstanding litigation involving the group companies which has a material impact on the business of the Company.

*Policy on materiality:*

Other than litigations mentioned in points (i) to (iv) above, any pending litigation involving the Company, its Directors and Promoters would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

- (a) the monetary amount of claim by or against the Company, its Promoters and Directors in any such pending proceeding is in excess of 1% of the revenue from operations of the Company, as per the last full year restated financial statements included in the Offer Documents; or
- (b) where the monetary impact is not quantifiable or lower than the threshold, an outcome in any such litigation would materially and adversely affect the Company’s business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.

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

**C. Identification of ‘material’ creditors**

*Requirement:*

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures 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 Offer 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 Offer Documents; 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 Offer Documents.

*Policy on materiality:*

For identification of material creditors, 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 exceeds 2% of total trade payables of the Company as of the end of the most recent period covered in the restated financial statements included in the Offer Documents.

#### **GENERAL**

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

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