



EARTHOOD SERVICES LIMITED
(Formerly Earthood Services Private Limited)

POLICY ON MATERIALITY AS ADOPTED BY THE BOARD OF DIRECTORS OF THE COMPANY



INTRODUCTION

This policy (the “**Policy**”) has been formulated to define the respective materiality policies in respect of Earthood Services 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**”), in respect of the following:

- A. Identification of companies to be disclosed as Group Companies in the Offer Documents (as defined below);
- B. Identification of material litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of material creditors.

APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on May 23, 2025 has discussed and approved this Policy. This Policy shall be effective from the date of approval of the 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 (“**SEBI**”), Registrar of Companies, National Capital Territory of Delhi and Haryana (the “**RoC**”) and/or stock exchanges where the equity shares of the Company are proposed to be listed (the “**Stock Exchanges**”), as applicable.

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

A. Identification of companies to be disclosed as Group Companies

Requirement:

As per the requirements of the SEBI ICDR Regulations, “**Group Companies**” includes (a) such companies (other than promoters and subsidiaries) with which there have been related party transactions, reported during the period for which the financial information is required to be disclosed in the Offer Document(s), as covered under the applicable accounting standards; and (b) such other companies as considered material by the Board. The policy on identification of companies to be disclosed as group companies as per para (b) above, shall be disclosed in the Offer Document(s).

Policy on materiality:

For the purpose of disclosure in the Offer Documents, a company shall be considered ‘material’ and will be disclosed as a ‘Group Company’ in the Offer Documents if:

- (i) The Company has entered into related party transactions with companies (other than the subsidiaries) as described under Ind AS 24 with such company during any of the financial periods being included in the Offer Documents, and
- (ii) such companies that are a part of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and with which there were transactions in the most recent financial year or the relevant stub period which individually or in the aggregate, exceed 10% of the revenue from operations of the Company for the most recent financial year or relevant stub period, as per the restated consolidated financial statements.



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 the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Company, its Directors, its Promoters and its Subsidiaries (collectively the “**Relevant Parties**”) in the Offer Documents:

- (i) all outstanding criminal proceedings (including matters which are at first information report stage, even if no cognizance has been taken by any court or judicial authority);
- (ii) all outstanding actions by statutory authorities and regulatory authorities, including notices by such authorities;
- (iii) all outstanding claims related to direct and indirect tax matters to be disclosed in a consolidated manner, giving details of number of cases and total amount;
- (iv) any other pending litigation (including civil litigation or arbitration proceedings), involving the Relevant Parties, which is determined to be material as per the policy of materiality defined by the Board and disclosed in the Offer Documents.

As per the SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Key Managerial Personnel (“**KMPs**”) and Senior Management (“**Senior Management**” and together with the KMPs, the “**Company Personnel**”) of the Company:

- (i) all outstanding criminal proceedings including matters which are at first information report stage even if no cognizance has been taken by any court or judicial authority; and
- (ii) all outstanding actions by regulatory authorities and statutory authorities, including notices by such authorities.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact on the Company. Any pending litigation involving the group companies, as identified in accordance with provisions of SEBI ICDR Regulations would be considered to have a ‘material impact’ on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, cash flows, performance, prospects, financial position or reputation of the Company.

Policy on materiality:

For the purpose of identification of para (iv) above, any pending litigation involving the Relevant Parties would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

- (a) the aggregate claim or amount involved in such litigation, to the extent quantifiable, is in excess of the lower of:
 - (i) 5% of the average of absolute value of profit or loss after tax as per the last three financial years restated consolidated financial statements;
 - (ii) 2% of the net worth for the most recent financial year as per the latest restated consolidated financial statements; or
 - (iii) 2% of the turnover for the most recent financial year as per the latest restated consolidated financial statements.



- (b) the monetary amount involved is not quantifiable or do not exceed the monetary threshold, such litigation shall be considered 'material' only in the event that the outcome of such litigation, would, in the opinion of the Board, have a material adverse impact on the business, operations, performance, prospectus, reputation, results of operations, financial position or cash flows of the Company, irrespective of the amount involved in such litigation.
- (c) the decision in such litigation is likely to affect the decision in similar cases even though the amount involved in an individual litigation may not exceed the materiality threshold as per (i) above.

Further, disciplinary actions (including penalty) imposed by SEBI or recognized stock exchanges against the Promoters in the last five financial years immediately preceding the date of the relevant Offer Document, including outstanding action shall be disclosed in the Offer Document.

It is clarified that for the purposes of the Materiality Policy, pre-litigation notices (other than those received from governmental, statutory, regulatory, judicial or tax authorities) shall, in any event, not be considered as litigation and evaluated for materiality, until such time that Relevant Parties are impleaded as defendants in litigation proceedings before any judicial/arbitral forum or unless decided otherwise by the board of directors of the Company.

C. Identification of material creditors

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents and on the website of the Company for outstanding dues to creditors as follows:

- (i) 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;
- (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; 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.

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 read with Section 7 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.

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 the amounts due to such creditor exceeds 10% of the restated total trade payables of the Company as of the end of the latest financial period covered in the restated consolidated financial statements disclosed in the Offer Documents.



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 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 Policy 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.

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time. All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

For and on behalf of
Earthood Services Limited

Dr Kaviraj Singh
Executive Director & Chief Executive Officer
DIN: 03348070
Date: 27/05/2025
Place: Gurugram