

CREATIVITY AT BEST TECHNOLOGIES LIMITED

**(Formerly Known as Creativity At Best
Technologies Private Limited)**

POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS

POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS

A. INTRODUCTION

This Policy has been formulated to define the materiality for identification of outstanding material litigation and outstanding dues to material creditors in respect of **Creativity At Best Technologies Limited** and its Directors (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 may be amended from time to time ("**SEBI ICDR Regulations**").

B. APPLICABILITY AND OBJECTIVE

This policy shall be called the 'Policy on Identification of Material Creditors and Material Litigations' ("**Materiality Policy**").

The Board of Directors of the Company ("**Board**") at their meeting held on 22nd June, 2024 discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of this Materiality Policy by the Board.

The Company has adopted this Materiality Policy for identification and determination of: (i) material creditors; and (ii) material litigations pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the offer documents.

In this Materiality Policy, the term "**Issue Documents**" shall mean the Draft Prospectus and the Prospectus 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, Ahmedabad ("**RoC**") and 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 Materiality Policy shall have the same meanings ascribed to such terms in the Issue Documents.

In this Materiality Policy, unless the context otherwise requires:

- (i) Words denoting the singular shall include the plural and vice versa;
- (ii) References to the words "include" or "including" shall be construed without limitation.

C. POLICY PERTAINING TO THE IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS

The Materiality Policy with respect to the identification of the material creditors and material litigation shall be as follows:

Identification of Material Creditors

Requirement:

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

- (i) Based on the policy on materiality defined by the Board of Directors of the Company and as disclosed in the Issue Document, disclosure for such creditors which include 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 over 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 identification of material creditors, in terms of point (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Issue Documents, if amounts due to such creditors exceed 5% of Company's Trade Payables as per the latest restated financial statements of the Company, as disclosed 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.

Identification of Material Litigation

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its material subsidiaries, Promoters, Directors of the Company related to:

- (i) All criminal proceedings;
- (ii) All actions by statutory / regulatory authorities;
- (iii) Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (iv) Other material pending litigations - as per policy of materiality defined by the Board and disclosed in the Issue Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose any 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:

For the purpose of point number (iv) above, any other pending litigation involving the Company, Subsidiaries, Promoters and its Directors and shall be considered "material" for the purpose of disclosure in the Issue Documents if:-

- (i) the omission of an event or information, whose value or the expected impact in terms of value exceeds one percent of profit after tax, as per the last audited financial statements of the Company; or
- (ii) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in individual litigation does not exceed the amount determined as per clause (i) above, and the amount involved in all of such cases taken together exceeds the amount determined as per clause (i) above; and
- (iii) any such litigation which does not meet the criteria set out in (a) above and an adverse outcome in which would materially and adversely affect the business, operations, prospects or reputations of the Company.

D. 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 Materiality Policy, substitute any of the provisions with a new provision or replace this Materiality Policy entirely with a new Policy. This Materiality Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.