

**POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND**  
**MATERIAL LITIGATIONS**

*Pursuant SEBI (Initial Capital and Disclosure Requirements) Regulations, 2018 as amended*

#### **A. INTRODUCTION:**

This Policy has been formulated to define the materiality for identification of group companies, outstanding litigation and outstanding dues to creditors in respect of Shining Tools 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 from time to time ("SEBI ICDR Regulations").

#### **B. OBJECTIVE:**

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

The Company has adopted this Policy for and procedures for identification and determination of: (i) material creditors; (ii) material litigations and (iii) companies which are considered to be material as a group Company of the Company within the meaning of SEBI ICDR Regulations.

"**Offer Documents**" means 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, having jurisdiction and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

#### **C. APPROVAL:**

The Board of Directors of the Company ("Board") at their meeting held on 23<sup>rd</sup> May, 2025 discussed and approved this Policy. This Policy shall be effective from the date of approval of this Policy by the Board.

#### **D. INTERPRETATION:**

In this 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

#### **E. POLICY PERTAINING TO THE IDENTIFICATION OF MATERIAL GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS:**

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

### **Identification of Material Group Companies:**

As per the requirements of the SEBI ICDR Regulations, our company is required to disclose certain matters in relation to its "Group Companies" in the Draft Prospectus/Prospectus. The SEBI Regulations define "group companies" as:

*"The words "group companies", wherever they occur, shall include such companies as covered under applicable accounting standards and also other companies as considered material by the board of the issuer".*

In the opinion of the Board, "group companies" and "related parties" shall be considered material and disclosed as a 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. Other than companies which constitute part of the related parties of the Company in accordance with the applicable accounting standards (AS 18) as per the latest audited and restated consolidated financial statements of the Company included in the Draft Prospectus.

For avoidance of doubt, it is hereby clarified that the Subsidiaries shall not be considered as Group Companies for the purpose of disclosure in the Draft Prospectus.

### **Identification of Material Creditors:**

Requirement:

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

- (i) Based on the policy on materiality defined by the Board, complete disclosure for such creditors;
- (ii) Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved; and
- (iii) Additionally, completed details about outstanding dues to creditors as per (i) and (ii) above shall be disclosed on the webpage of the Company with a web link thereto in the Draft Prospectus.

For identification of material creditors, in terms of point (1) above, a creditor of the Company, shall be considered to be material for the purpose of disclosure in the Draft Prospectus, if amounts due to such creditor exceeds 5% of trade payables as on the date of the restated consolidated financial statements for the last completed fiscal year included in the Offer Documents.



### **Identification of material litigation**

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its subsidiaries, joint ventures, directors, promoters, Key Managerial Person, Senior Management Personnel and group companies related to:

- I. All criminal proceedings;
- II. All actions (including all penalties and show cause notices) by statutory/regulatory authorities;
- III. Taxation separated disclosures regarding claims related to direct and indirect taxes, in a consolidated manner
- IV. Other pending litigations, as per the materiality policy, in each case (collectively, the "Relevant Parties"); and
- V. Litigations involving our Group Companies, which has a material impact on the company.

*For the purpose of determining outstanding material litigation(s) in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigations to be disclosed by our Company in this Draft Prospectus:*

- a. All criminal proceedings, statutory or regulatory actions and taxation matters, involving our Company, Directors, Promoters, Group Companies, Key Managerial Personnel, and Senior Management Personnel;
- b. All pending litigation involving our Company, Promoter, Directors, or Group Companies as the case may be, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material', if the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of lower of the following shall be considered material:

- i. 2% of turnover as per latest annual restated consolidated financial statements of the issuer;
- ii. 2% of net worth, as per the latest annual restated consolidated financial statements of the issuer, (Not to be considered if the arithmetic value of the net worth is negative);
- iii. 5% of the average of absolute value of profit or loss after tax, as per the last 3 annual restated consolidated financial statements of the issuer

However, where the monetary liability is not quantifiable, each such case involving our Company, Promoter, Directors, or Group Companies, whose outcome would have a bearing on the business operations, prospects or reputation of our Company and as required under the SEBI Regulations have been disclosed on our website at <https://www.tixnatools.com/>

- c. Notices received by our Company, Promoter, Directors, or Group Companies, as the case may be, from third parties (excluding statutory/regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that the Company / Directors / Promoter / Group Companies, as the case may be, are impleaded as parties in proceedings before any judicial forum.

Our Company, our Promoter and/or our Directors, have not been declared as wilful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoter or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

## **F. AMENDMENT**

The Board (including its duly constituted committees wherever permissible), 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.

**For, SHINING TOOLS LIMITED**



**Vipulbhai Laljibhai Ghonia**  
**(Managing Director)**

**DIN: 06511100**

**Date: 23/05/2025**

**Place: Rajkot**