

## **MATERIALITY POLICY**

### **1. Introduction**

This materiality policy ("**Materiality Policy**") has been formulated to define the materiality for identification of outstanding litigations in respect of KLM Axiva Finvest Limited ("**Company**"), pursuant to the disclosure requirements related to litigation chapter of the offer documents of public issue of Non-Convertible Debentures under the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended ("**SEBI NCS Regulations**").

### **2. Applicability**

- 2.1 The Board of Directors of the Company has, at their meeting held on January 12, 2022, discussed and amended this Materiality Policy. This Materiality Policy shall be effective from the financial year 2022-23.
- 2.2 In this Policy, the term "**Offer Documents**" shall mean the draft prospectus and the prospectus, including any amendments, supplements or corrigenda thereto, to be filed by the Company in connection with the proposed public offering of its Non-Convertible Debentures with Securities and Exchange Board of India and/or stock exchanges where the Non-Convertible Debentures 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 Offer Documents.

### **3. Identification of "Material" Litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters) in the Offer Documents under SEBI NCS Regulations**

#### **3.1 Requirement**

The Company shall disclose the following classes of litigation involving the Company/ its Promoter(s)/ Directors/ Group Companies:

- i. All criminal proceedings;
- ii. All actions by statutory/ regulatory authorities;
- iii. Claims related to direct and indirect taxes, in a consolidated manner;
- iv. Other pending litigation.



### 3.2 Policy on materiality

Other than litigations mentioned in paragraphs 3.1 (i), (ii) and (iii) above, any other pending litigation involving the Company, its Directors, its Promoter(s) and Group Companies shall be considered "material" for the purpose of disclosure in the Offer Documents if:

- i. the monetary amount of claim by or against the Company, its Directors, its Promoter(s) or its Group Companies in any such pending litigation is lower of the following:
  - a) 0.5% (half percent) of the Total Assets or
  - b) 3% (three percent) of Total Income or
  - c) Rs. 5,00,00,000/- (Rupees Five crore only)as per the latest audited annual standalone financial statements of the Company.
- ii. such pending litigation is material from the perspective of Company's business, operations, prospects or reputation.

It is clarified that apart from as set forth in this paragraph 3, the disclosures on outstanding litigation in the Offer Documents will also include disclosures as specified in the Companies Act, 2013, as amended.

### 4. General

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

Place: Ernakulam

Date: January 12, 2022

