MATERIALITY POLICY

RAYS OF BELIEF LIMITED
(Formerly known as "Rays of Belief Private Limited")

Rays of Belief Limited
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Introduction

This document has been formulated to define the policy for identification of

(i) outstanding material litigation involving Rays of Belief Limited the "**Company**") and its Subsidiaries and Directors.

(ii) the 'material' Group Companies; and

(iii) the 'material' creditors of the Company

(together, the "**Policy**"), in terms of the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**").

This Policy shall be effective from the date of its approval, i.e. May 19, 2025 by the Board of Directors of the Company ("**Board**").

In this Policy, the term "**Offer Documents**" shall mean the addendum to the draft red herring prospectus, updated draft red herring prospectus, the red herring prospectus and the prospectus and any further addendum or corrigendum thereto to be filed and/or submitted by the Company, if required, in connection with the proposed initial public offering of its equity shares, with the Securities and Exchange Board of India ("**SEBI**"), the Registrar of Companies, Delhi, Bombay Stock Exchange and National Stock Exchange, and any other regulatory authority, as applicable.

I. *Materiality policy for litigation*

In terms of SEBI ICDR Regulations, the Company is required to disclose the following outstanding litigation involving itself, its subsidiaries and its directors (together, the "**Relevant Parties**"), its key managerial personnel and senior management:

(i) All criminal proceedings involving the Relevant Parties, the key managerial personnel and the senior management.

(ii) All actions by statutory and / or regulatory authorities (including any notices sent by them) involving the Relevant Parties, the key managerial personnel and the senior management.

(iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters during the previous 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 involving the Relevant Parties; and

(v) **Other outstanding litigation -** based on lower of threshold criteria mentioned below:

(i) As per the policy of materiality defined by the board of directors of the issuer and disclosed in the offer document; or

(ii) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:

(a) two percent of turnover, as per the latest annual restated financial statements of the issuer; or

(b) two percent of net worth, as per the latest annual restated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or

(c) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated financial statements of the issuer."

Further, any outstanding litigation involving the Group Companies, which may have a material impact on the Company, shall be disclosed in the Offer Documents.

For the purposes of determining material litigation as mentioned in point (iv) above, the following criteria shall apply:

Any outstanding litigation involving the Relevant Parties, other than criminal proceedings, taxation matters and regulatory and statutory actions as mentioned above, shall be considered "material" for the purposes of disclosure in the Offer Documents, if:

i. The aggregate monetary claim, to the extent quantifiable, made by or against the Relevant Parties (individually or in aggregate), or the disputed amount in any such outstanding litigation is equal to or in excess of 10% of the Company's profit after tax, in the most recently completed fiscal year as per the Restated Financial Information included in the Offer Documents;

ii. Any such litigation wherein a monetary liability is not determinable or quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company, in the opinion of the Board.

iii. Where the decision in one matter is likely to affect the decision in similar matters, such that the cumulative amount involved in such cases exceeds the materiality threshold (as specified in (i) above, even though the amount involved in an individual matter may not exceed the materiality threshold as specified in (i) above.

Further, pre-litigation notices received by the Relevant Parties from third parties (excluding notices issued by governmental / statutory / regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered a material litigation until such time that the Relevant Party is impleaded as a defendant in proceedings initiated before any court, tribunal or governmental authority, or judicial / arbitral forum or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced. It is clarified that the term "litigation" when used above, includes arbitration proceedings.

II. ***Materiality policy for identification of Group Companies***

In terms of the SEBI ICDR Regulations, the term 'group companies' includes "*such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer*".

Therefore, as per the requirements of the SEBI ICDR Regulations, Group Companies of the Company shall include:

i. companies (other than the subsidiaries) with which there were related party transactions, during the period for which financial information will be disclosed in the Offer Documents, as covered under the Indian Accounting Standard (Ind AS) 24; and

ii. companies as considered material by the Board.

With respect to point (ii) above, for the purpose of disclosure in the Offer Documents, such companies with which the Company has entered into one or more related party transactions as per Ind AS 24 or Companies Act, 2013 during the period after the last completed financial year and the stub period if any as included in the Offer Documents until the date of filing of the respective Offer Documents, will be included as group companies.

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

III. ***Materiality policy for identification of material creditors***

In terms of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents and the website of the Company, in relation to outstanding dues to creditors:

(i) based on the policy on materiality adopted by the Board, 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 overdue 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 weblink thereto included in the Offer Documents.

For the purposes of 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 Offer Documents and the website of the Company, if amounts due to such creditor is equal to or in excess of 15% of the trade payables of the Company as at the end of the latest period included in the Restated Financial Information.

General

It is clarified that the Policy is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other regulatory, judicial, quasi-judicial, governmental, administrative 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.

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

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

For **Rays of Belief Limited**

Mayank Bhargava
Company Secretary
ICSI Mem. No. A53418