



## MATERIALITY POLICY

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This document defines the materiality policy in connection with the identification of: (i) outstanding material litigation involving Bluestone Lifestyle and Jewellery Limited (the “**Company**”), its Subsidiary, its Directors and its Promoter; and (ii) the material creditors of the Company (collectively, the “**Policy**”), each 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 by the board of directors of the Company (“**Board**”) i.e. July 16, 2025.

In this Policy, the term “**Offer Documents**” shall mean 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**”), the Registrar of Companies, Bangalore at Karnataka (“**RoC**”) and/or the stock exchanges where the equity shares of the Company are proposed to be listed (“**Stock Exchanges**”), and any other regulatory authorities, as applicable.

### I. Materiality policy for litigation

In terms of SEBI ICDR Regulations, the Company is required to disclose the following pending litigation involving itself, its Subsidiary, its Directors and its Promoter (“**Relevant Parties**”) in the Offer Documents:

- a. All outstanding criminal proceedings;
- b. All outstanding actions by statutory and / or regulatory authorities;
- c. All outstanding claims related to direct and indirect taxes, in a consolidated manner giving details of number of outstanding cases and total amount involved in such cases, provided that where the amount involved in a direct or indirect tax matter exceeds the materiality threshold (*as described below*) in relation to each Relevant Party, a summary disclosure of such matter will also have to be included;
- d. All disciplinary actions (including penalty) imposed by SEBI or any of the stock exchanges against the Promoter in the five financial years preceding the date of the Offer Document, including any outstanding action; and
- e. Other outstanding litigation/arbitration proceedings based on lower of threshold criteria mentioned below:
  - (i) As per the policy of materiality defined by the Board and disclosed in the Offer Documents; or
  - (ii) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
    1. two percent of turnover, as per the latest annual Restated Consolidated Financial Information of the Company, as disclosed in the Offer Documents; or
    2. two percent of net worth, as per the latest annual Restated Consolidated Financial Information of the Company, as disclosed in the Offer Documents, except in case the arithmetic value of the net worth is negative; or
    3. five percent of the average of absolute value of profit or loss after tax, as per the last three annual Restated Consolidated Financial Information of the Company, as disclosed in the Offer Documents.



Additionally, in accordance with the SEBI ICDR Regulations, the Company shall disclose the following in the Offer Documents, (i) all outstanding criminal proceedings involving the key managerial personnel and senior management of the Company; and (ii) all outstanding actions by regulatory and statutory authorities against the key managerial personnel and senior management of the Company.

***For the Company, its Subsidiary, its Promoter and its Directors***

For purposes of (c) and (e) above, all outstanding civil litigation, arbitration proceedings (other than as covered under (a), (b) or (d) above) involving the Company, and/or its Subsidiary, its Promoter or Directors, the following shall be considered “material” and disclosed in the Offer Documents:

- a. if the monetary claim/dispute amount /liability involved in such a proceeding exceeds 1% of turnover, as per the latest annual Restated Consolidated Financial Information of the Company, as disclosed in the Offer Documents (“**Threshold**”). Accordingly, all litigations involving the Relevant Parties in which the amount involved exceeds ₹177.00 million (being 1% of the turnover as per the latest annual Restated Consolidated Financial Information of the Company) have been considered as material; or
- b. where a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of such proceedings could nonetheless, directly or indirectly, or together with similar other proceedings have a material adverse effect on the financial position, business, operations, prospects, or reputation of the Company, in the opinion of the Board; or
- c. if the decision in such proceedings is likely to affect the decision in similar proceedings, such that the cumulative amount involved in such proceedings exceeds the Threshold, even though the amount involved in an individual proceeding does not exceed the Threshold.

Pre-litigation notices received or sent by the Company, its Subsidiary, its Directors, its Promoter, from third parties (excluding notices received from statutory, regulatory or tax authorities or notices threatening criminal action) and matters in which summons have not been received, shall not be evaluated for materiality until the Company, its Subsidiary, its Directors, its Promoter are impleaded as a party in proceedings before any judicial/ arbitral forum. Further, first investigations reports (“**FIRs**”) initiated against the Company, its Subsidiary, its Directors, and its Promoter, shall be disclosed in the Offer Documents.

**II. *Materiality policy for group companies***

In terms of the SEBI ICDR Regulations, the term ‘group companies’ includes:

- a. companies (other than promoter(s) and subsidiary/subsidiaries) with which the relevant issuer company had related party transactions, during the period for which financial information is disclosed in the relevant offer documents, as covered under the applicable accounting standards; and
- b. Any other companies considered material by the board of directors of the issuer company.

Accordingly, for (i) above, all such companies with which the Company had related party transactions during the period covered in the Restated Consolidated Financial Information included in the Offer Documents, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

In addition, for the purposes of (b) above, a company (other than the companies covered under the schedule of related party transactions as per the Restated Consolidated Financial Information included in the Offer Documents) shall be considered ‘*material*’ and will be disclosed as a ‘Group Company’ in the Offer Documents, if the company is a member of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and the Company has entered into one or more transactions with such company during the last completed fiscal year (or relevant stub period, if applicable), which individually or cumulatively in value exceeds 10% of the revenue from operations of the Company for the last



completed fiscal year or the relevant stub period, as applicable, as per the Restated Consolidated Financial Information included in the Offer Documents.

All such group companies to identify pending litigation involving such companies (i) which are considered material by the respective group companies and which, in their view may have a material impact on the Company; (iii) having identified such litigation, the Company's Board or any of its committee thereof will determine which of these identified litigation can have a material impact on the Company.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations. If no company falls within the prescribed threshold, a board resolution must be passed stating that there are no companies that may be considered as Group Companies as per the prescribed criteria.

### **III. *Materiality policy for material creditors***

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

- a. 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 and the aggregate amount involved; and
- b. Information on outstanding dues to micro, small and medium enterprises ("MSMEs"), and other creditors, separately giving details of number of cases and amount involved.

Additionally, complete details about outstanding overdues to material creditors, including the name of such creditor(s) and amount due to such material creditor(s) (as per (a) above) shall be disclosed on the website of the Company with the relevant web link included in the Offer Documents, as applicable.

For the purposes of identification of material creditors, in terms of point (a) above, a creditor of the Company shall be material for the purposes of disclosure in the Offer Documents, if outstanding amounts due to such creditor is equal to or in excess of 5% of the total trade payables of the Company as at the end of the last completed financial year/stub period, as per the Restated Consolidated Financial Information included in the Offer Documents.

For outstanding dues to MSMEs and other creditors, the disclosure will be based on the information available with the Company regarding the status of the creditors as MSME 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.

#### **General**

It is clarified that the Policy is solely for the purpose of disclosure requirements in Offer Documents prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose including for disclosure of material information by listed entities pursuant to the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, post listing of the equity shares.

The Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any 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.

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

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