

K K SILK MILLS LIMITED

(Registered Office- 314, Kewal Industrial Estate, S. B. Road, Delisle Road, Lower Parel (W), Mumbai,
Maharashtra, India, 400013)

CIN: U17120MH1991PLC063074

POLICY ON MATERIALITY AS ADOPTED BY THE BOARD OF DIRECTORS OF THE COMPANY

1. INTRODUCTION:

This materiality policy ("**the Policy**") has been formulated for the identification of group companies, outstanding litigation and outstanding dues to creditors in respect of K K Silk Mills Limited ("**the Company**"), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**"), which requires the policy of materiality to be disclosed in the Draft Issue Document and Issue Document.

This Policy shall be effective from the date of approval of the Policy by the board of directors of the Company ("**Board**"). In this Policy, the terms "Draft Issue Document" and " Issue Document" shall have the meaning assigned to it under SEBI ICDR Regulations.

2. APPLICABILITY AND OBJECTIVE:

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

The Company has adopted this Policy for identification and determination of: (i) material creditors; (ii) material litigations and (iii) Group Companies pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the Issue Documents to be filed by the Company in connection with the proposed initial public offering of its equity shares with the SME Platform of the BSE Limited i.e. ("**BSE SME**"), Securities and Exchange Board of India, Registrar of Companies, Mumbai ("**RoC**").

3. INTERPRETATION

In this Policy, unless the context otherwise requires:

1. words denoting the singular shall include the plural and vice versa.
2. references to the words "include" or "including" shall be construed without limitation.

4. POLICY PERTAINING TO THE IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS:

The policy with respect to the identification of the Group Companies of our Company, Material Creditors and Material Litigation shall be as follows:

A. LITIGATIONS

Requirement:

For K K SILK MILLS LTD.

Director

The Company shall disclose all the litigations involving the Company or its directors or its promoters or its group companies or its subsidiaries, whichever is applicable, relating 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 the number of cases and total amount;
- iv. Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- v. All other pending material litigations – Other pending 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 consolidated financial statements of the issuer; or
 - (b) two percent of net worth, as per the latest annual restated consolidated 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 consolidated financial statements of the issuer.”

In respect to the above, 5% (five percent) of the average of absolute value of profit or loss as per the last three annual restated consolidated financial statements is being considered (disregarding the ‘sign’ (positive or negative) that denotes such value as the said value / figure) for determining the threshold for ‘materiality’ of the event being the lowest of the three aforementioned parameters.

For K K SILK MILLS LTD.

Director

Policy on Material Litigation:

- a. Other than litigations mentioned in points (i) to (iv) above, any other pending litigation involving the Company or its directors or its promoters or its subsidiaries, whichever is applicable and required to be disclosed under law, would be considered "**material**" for the purpose of disclosure in the Draft Issue Document and Issue Document if the aggregate amount involved in such individual litigation exceeds 5% (five percent) of the average value of profit or loss after tax of the Company, as per the last three annual restated consolidated financial statements, or
- b. where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed five percent of the average value profit or loss after tax of the Company, as per the last three annual restated consolidated financial statements; or
- c. any such litigation the monetary liability is not quantifiable, or which does not fulfill the threshold specified in (a) above, but the outcome of which could, nonetheless, have a material adverse effect on the Business, Operations, Performance, Prospects, Financial position or reputation of our Company.

It is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and / or such other governmental authority with respect to listed companies and that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Draft Issue Document and Issue Document and should not be applied towards any other purpose.

Furthermore, the above policy on materiality shall be without prejudice to the disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Draft Issue Document and Issue Document.

B. GROUP COMPANIES

Requirement:

As per the requirements of the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered those companies as our Group companies with which there were related party transactions as per the Restated Financial Statements of our Company in any of the last three financial years and stub period (if any) and other Companies as considered material by our Board.

Further, pursuant to the resolution passed by the Board at its Meeting held on May 30th, 2025 for the purpose of disclosure in relation to the Group Companies, a company shall be

considered as a material group company and disclosed as the same if such company fulfils the conditions as mentioned below:-

Policy on Material Group Companies:

The following companies shall be considered to be material Group Company(ies) under the Draft Issue Document and Issue Document:

- (i) According to Regulation 2(1)(pp) of the SEBI (ICDR) Regulations, such a company is part of our Promoter Group; and
- (ii) Our company has entered into one or more transactions with such a company in the preceding fiscal or audit period, as the case may be, exceeding 5% (five percent) of total revenue of the company as per Restated Financial Statements.

For the avoidance of doubt, it is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other applicable authority with respect to listed companies and that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Draft Issue Document and Issue Document and should not be applied towards any other purpose.

C. OUTSTANDING DUES TO CREDITORS

Requirement:

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

- (i) Based on the policy on materiality of the Board of the Company, details of 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;
- (iii) Complete details about outstanding overdues to material creditors as per (i) and (ii) above along with the name and amount involved for each such material creditor shall disclosed, on the website of the Company with a web link thereto.

For K K SILK MILLS LTD.


Director

Policy on Materiality with respect to outstanding dues to creditors:

The Company shall disclose complete details of outstanding dues to creditors (excluding banks and financial institutions from whom the Company has availed of financial facilities) if the amount due to any one of them exceeds 5% (five percent) of the trade payables of the Company as per the last audited financial statements or Restated Financial Statements for the latest period of the Company included in the Draft Issue Document and Issue Document.

It is clarified that the above policy on materiality of creditors shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other applicable authority with respect to listed companies and the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICIDR Regulations with respect to the Draft Issue Document and Issue Document and the website of the Company and should not be applied towards any other purpose.

5. 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 automatically stand amended to reflect any changes to the SEBI Regulations, to the extent the same is the subject matter of this Policy.

6. DISSEMINATION OF THE POLICY

The policy shall be hosted on the website of the Company i.e. www.kksilkmills.com.

Note:

This Policy shall come into effect from May 30, 2025.

For K K SILK MILLS LTD.
Director