
MATERIALITY POLICY

(Schedule VI of Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015)

A. INTRODUCTION

This policy (“**Materiality Policy**”) has been formulated to define the respective materiality policies of Methodhub Software Limited (“**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 (as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

1. Identification of companies to be disclosed as group companies in the Offer Documents (as defined below);
2. Identification of outstanding ‘material’ litigation involving the Company, its promoter and its directors (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
3. Identification of material creditors of the Company.

B. APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on **August 22, 2025** discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of Materiality Policy by the Board.

In this Materiality Policy the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus 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, the Registrar of Companies, Karnataka at Bangalore and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable and any other regulatory authorities, as applicable; and the term “**Restated Consolidated Financial Information**” shall mean the restated consolidated financial information of the Company and its subsidiaries, as disclosed in the Offer Documents, comprising of the restated consolidated balance sheet for financial year ended March 31, 2025, March 31, 2024, March 31, 2023 , the restated consolidated statement of profit and loss, the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the financial years ended March 31, 2025, March 31, 2024, March 31, 2023 and the notes to restated consolidated financial statements as approved by the Board and the significant accounting policies and other explanatory information thereon derived from the relevant audited financial statements, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (read with the Companies (Indian Accounting Standards) Rules, 2015, as amended) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

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

C. DISCLAIMER

This policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer documents or by SEBI and/or such other applicable 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. In this regard, it is clarified that the above policy on materiality 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.

D. MATERIALITY POLICY

1. Identification of material group companies

I. Requirement

The SEBI ICDR Regulations define “Group Companies” as “*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*”.

II. Policy on materiality

For the purpose of disclosure in the Offer Documents, a company shall be considered material and will be disclosed as a ‘Group Company’ in the Offer Documents if:

- (i) The all such companies (other than the promoter(s) and subsidiary/subsidiaries) with which the Company had related party transactions during the period covered in the restated consolidated financial statements as disclosed in the Offer Document(s); and
- (ii) any other company as may be identified as material by the Board.

Accordingly, for (i) above, all such companies with which there were related party transactions during the period covered in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies.

With respect to point (ii) above, the policy on identification of any other ‘material’ companies for consideration as Group Companies (other than those covered under the schedule of related party transactions as per the Restated Consolidated Financial Information), is as set out below.

For the purpose of disclosure in the Offer Documents, all such companies (other than the companies categorized under (i) above) shall be considered material and will be disclosed as a Group Company in the Offer Documents if such Company is a member of the Promoter Group of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and with which the Company has entered into one or more transactions with such Company during the most recent completed Fiscal and relevant stub period, if any, in respect of which the restated consolidated financial information is disclosed in the Offer Documents, and which individually or in the aggregate, in value, exceeds 10% of the revenue from operations of the Company for such period.

2. Identification of outstanding ‘material’ litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)

I. Requirement

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Company, its directors, promoters, and its subsidiary (collectively, “**Relevant Parties**”):

- i. all criminal proceedings including matters which are at first information report stage where no/some cognizance has been taken by any court;
- ii. all actions by regulatory authorities and statutory authorities; including notices by such authorities and any findings/observations or warning letters of any of the inspections by SEBI or any other regulatory authority involving the Relevant Parties, which are material and which need to be

disclosed or non-disclosure of which may have bearing on the investment decision in relation to the Offer shall be disclosed in the Offer Documents including and all penalties;

- iii. disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years preceding the date of the relevant Offer Document as well as in current year in which the relevant Offer Document is getting filed, including outstanding action;
- iv. claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount. In the event any tax matters involve an amount exceeding the threshold proposed in below, in relation to the Relevant Parties, individual disclosures of such tax matters will be included; and other pending litigations (including civil litigations or arbitration proceedings) involving the Relevant Parties - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose(a) any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges against the promoter of the Company in the five financial years preceding the relevant Offer Document as well as in current year in which the relevant Offer Document is getting filed, including any outstanding action; and (b) such outstanding litigation (including civil litigations or arbitration proceedings) involving the group companies which has a material impact (as determined by the Board) on the Company. Any pending litigation (including civil litigations or arbitration proceedings) involving the group companies, as identified in accordance with provisions of SEBI ICDR Regulations, would be considered to have a 'material impact' on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, cash flows, performance, prospects, financial position or reputation of the Company.

Additionally, in accordance with the SEBI ICDR Regulations, the Company shall also disclose the following outstanding legal proceedings in the Offer Documents involving the Key Managerial Personnel and Senior Management Personnel (together, the "**Personnels**") of the Company:

- a. All criminal proceedings including matters which are at first information report stage whether cognizance has been taken or not by any court or judicial authority involving Key Managerial Personnel and Senior Management of the Company; and
- b. All outstanding actions by regulatory authorities and statutory authorities including notices by such authorities (including any judicial, quasi-judicial, administrative authorities or enforcement authorities)
- c. against such Key Managerial Personnel and Senior Management of the Company.

For purpose of this clause,

- a. "Senior Management" *shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.*
- b. "Key Managerial Personnel" *in relation to a company, means- the Chief Executive Officer or the managing director or the manage, the company secretary, the whole-time director, the Chief Financial Officer, such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and such other officer as may be prescribed.*

II. Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, any other pending litigation, as mentioned in (v), involving the Relevant Parties would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

- (i) Monetary threshold: the aggregate monetary claim/ dispute amount/ liability involved in such proceeding exceeds the lower of (A) 2% of the turnover of the Company for the most recent financial year as per the Restated Consolidated Financial Information; or (B) 2% of the net worth of the Company as at the end of the most recent financial period as per the Restated Consolidated Financial Information, except in case the arithmetic value of the net worth is negative; or (C) 5% of the average of the absolute value of the profit or loss after tax of the Company for the last three financial years as per the Restated Consolidated Financial Information (“**Threshold**”); or
- (ii) Subjective threshold: (A) such pending matters which are not quantifiable or do not exceed the Threshold, involving the Relevant Parties, whose outcome, in the opinion of the Board, would materially and adversely affect the Company’s business, prospects, performance, operations, financial position, reputation or cash flows;
- (iii) Additional threshold: there are any findings or observations arising out of any of the inspections by the Securities and Exchange Board of India or by any other regulator in or outside India, which are outstanding.

It is clarified that for the purpose of this Policy, pre-litigation notices received by the Relevant Parties and Personnels from third parties (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation authorities or notices threatening criminal action) shall, in any event, not be considered as litigation and evaluated for materiality, until such time that Relevant Parties and Personnels are impleaded as defendants in litigation proceedings before any judicial/arbitral forum or unless decided otherwise by the board of directors of the Company.

3. Identification of material creditors

I. Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents and on the website of the Company for outstanding dues to creditors as follows:

- (i) based on the policy on materiality defined by the Board of the Company, details of the material creditors which include the consolidated number of creditors and the aggregate amount;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprises (“**MSME**”) and other creditors, separately giving details of number of cases and aggregate amount involved; and
- (iii) complete details about outstanding dues 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 in the Offer Documents.

II. Policy on materiality:

For 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 on the website of the Company, if amounts due to such creditor is equivalent to or in excess of 5% of the total consolidated trade payables of the Company as of the end of the latest financial period covered in the restated consolidated financial-information, be considered as material and accordingly be included in the Offer

Documents.

For outstanding dues to MSMEs and other creditors, the disclosure will be based on information available with the Company regarding the status of the creditors as MSME as defined under Section of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, read with the rules and notifications thereunder, as has been relied upon by the statutory auditors in preparing their audit report

E. GENERAL

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

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

In case of any subsequent changes in the provisions of the applicable law, such amended provisions would prevail over the Materiality Policy and the provisions in the Materiality Policy would be modified in due course to make it consistent with prevailing law. All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

Approved in the meeting dated August 22, 2025