



Certificate on outstanding dues to creditors and MSMEs and overdues to material creditors

To,  
The Board of Directors  
Polysil Irrigation Systems Limited  
Survey No. - 340/1, Beside Hystuff Steel,  
At Post Raniya, Taluka Savli, District Vadodara,  
Gujarat - 391780 India  
Mobile: (02667) 244271/2  
Website: [secretarial@polysilirrigation.com](mailto:secretarial@polysilirrigation.com)

Fedex Securities Private Limited (the "Lead Manager")  
B 7, 3<sup>rd</sup> Floor, Jay Chambers, Dayaldas Road, Vile Parle (East),  
Mumbai - 400 057, Maharashtra, India  
Mobile: +91 8104985249  
Website: [www.fedsec.in](http://www.fedsec.in)

Dear Sirs,

Re: Proposed initial public offering of equity shares of face value of Rs. 10/- each (the "Equity Shares") by the Company and such issuing, (the "Issue").

We, Ratan Chandak & Co, Chartered Accountants, Expert of the Company, have performed the procedures stated below with respect to amount outstanding to creditors of the Company as on March 31, 2023.

We have performed the following procedures:

- (i) Reviewed the Restated Financial Information of the Company, comprising of the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2021, March 31, 2022 and March 31, 2023, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Cash Flow Statement for the year ended March 31, 2021, March 31, 2022 and for the financial year ended March 31, 2023, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the "Restated Financial Information"), in accordance with the Companies Act, 2013, as amended (the "Companies Act") and Indian Accounting Standards prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") and the reports issued thereon. Reviewed the proforma financial statement as of the end of and for the Fiscals 2023, in accordance with the Indian Accounting Standards (Ind AS), (SAE) 3420, "Assurance Engagements to Report on the Compilation of Proforma Consolidated Condensed Financial Information Included in a Prospectus", the Guidance Note issued by the Indian Institute of Chartered Accountants and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") and the reports issued thereon.
- (ii) Obtained and reviewed the schedule of creditors along with outstanding balances due to creditors of the Company (on a consolidated basis), prepared by management of the Company, as on March 31, 2023 and compared the amount outstanding as per such schedule with the Restated Financial



Information, along with ledger accounts of creditors, minutes of the meetings of the Board of Directors of the Company, minutes of annual general meetings and extra-ordinary general meetings of the Company, minutes of the meetings of various committees of the Board of Directors, and other documents that we have deemed necessary in this regard.

- (iii) Minutes of the meeting of the Board of Directors of the Company dated 20<sup>th</sup> March 2023 for approval of the materiality threshold for the identification of material creditors (“Materiality Policy”)

Based on such review, we hereby certify and confirm that, except as disclosed below, as on March 31, 2023, there are no outstanding dues by the Company, on a consolidated basis, to micro, small and medium enterprises, and other creditors:

(Rs. in Lakhs)

S.No.	Type of creditor	No. of cases	Amount outstanding (in Rs.)
1.	Dues to micro, small and medium enterprises	32	195.53
2.	Dues to Material creditors	23	942.31
3.	Dues to other creditors	158	207.09
	Total	213	1344.93

Further, the Board of Directors of the Company have, pursuant to the resolution dated 20<sup>th</sup> March 2023, approved that a creditor of the Company (on a consolidated basis), shall be considered to be material (“Material Creditor”), for disclosures in the draft prospectus (“DP”) and the prospectus (“Prospectus”) in relation to the Issue (collectively, the “Offer Documents”), if amounts due to such creditor exceeds 10% of profit after tax of the Company, as per last restated audited standalone financial statements of the company for a complete financial year. (“Materiality Policy”). A copy of the Materiality Policy is enclosed herewith as Annexure A.

Since, profit after tax of the Company for the F.Y. 2022-23 is Rupees 113.53 Lakh, any creditor to whom the amount in excess of Rupees 11.35 Lakh is payable as on March 31, 2023 is considered as Material Creditors.

Based on the Materiality Policy, we certify that the following details in relation to Material Creditors of the Company as of March 31, 2023 and nothing has come to our attention which has caused us to believe that the below mentioned information are not true complete, accurate, and not misleading:

(Rs. in Lakhs)

S. No.	Name of material creditor	Amount (Rs.)
1	Letter of credit	207.84
2	Nilkanth Plastic Industries	125.09
3	Vima Alliance Infra Private Limited (HR)	116.90
4	Rishabh Packaging	66.91
5	Nidhi Impex	59.64
6	Balaji Agro Systems (Cr)	49.01
7	Labdhi Exim	30.98
8	Kaival Plastic	29.39



9	Climax Synthetics Pvt. Ltd.	25.72
10	Welset Plast Extrusions Pvt. Ltd.	24.54
11	Highway Logistic Corporation	24.54
12	Automat Irrigation Pvt Ltd	21.02
13	Lila Polymers Pvt. Ltd. - GJ	19.87
14	Ravago Shah Polymers Pvt Ltd.	17.68
15	Madhya Gujarat Vij Co. Ltd.	16.10
16	Polymer Impex Pvt. Ltd.	15.36
17	Kirti Plastics And Co.	14.46
18	Jasminbhai H Barvalia	14.36
19	Auroma Traders (Cr)	13.68
20	Apollo Pipes Limited	13.14
21	Bengal Bihar Cargo Carriers	12.88
22	Jyoti Drip Irrigation (Cr)	11.72
23	Kimplas Piping Systems Private Limited	11.49
	Total	942.31

We have conducted our examination in accordance with the “Guidance Note on Reports in Company Prospectuses (Revised 2019)”, issued by the Institute of Chartered Accountants of India, in so far it relates to Expert issuing certificates on information included in prospectus. We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

We confirm that the information in this certificate is true, fair and correct, and is in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. We confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

This certificate is for information and for inclusion (in part or full) in the draft prospectus (“DP”) and the prospectus (“Prospectus”) filed in relation to the Issue (collectively, the “Offer Documents”) or any other Issue-related material, and may be relied upon by the Company, the Lead Manager and the legal advisors appointed by the Company and the Lead Manager in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to Securities and Exchange Board of India (SEBI), the Registrar of Companies, Mumbai (“RoC”), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Lead Manager and in accordance with applicable law. We hereby consent to this certificate being disclosed by the Lead Manager, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We confirm that we will immediately communicate any changes in writing in the above information to the Lead Manager until the date when the Equity Shares commence trading on the relevant stock exchanges where the Equity Shares are proposed to be listed. In the absence of any such communication



from us, the Lead Manager and the legal advisors, each to the Company and the Lead Manager, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Issue.

The certificate is for the specific purpose of inclusion in the offer documents of the company and may not be suitable for any other purpose. The company, the lead manager, legal advisors shall not use this for any other purpose without our prior consent.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully,

For and on behalf of

Ratan Chandak & Co. Chartered Accountant

1701, Haware Infotech Park, Plot No. 39/3, Sector-30A, Nr. Vashi Rly Stn, Navi Mumbai, Navi Mumbai - 400705, Maharashtra, India

FRN: 108696W

Sd/-

CA Vighnesh Palkar

Membership No.: 131539

UDIN: 23131539BGQTSF9101

Date: 29<sup>th</sup> August 2023.

Encl: As above

Cc:



ANNEXURE A



**POLYSIL IRRIGATION SYSTEMS LIMITED**

**Registered Office:** Survey No- 340/1, Beside Hystuff Steel At Post Raniya, Taluka Savli, District Vadodara Raniya Taluka Savli Vadodara – 391780, Gujarat  
**CIN:** U17100GJ1985PLC127398  
**TEL NO:** +91 02667 244271/2/3; **EMAIL:** info@polysilirrigation.com  
**TOLL FREE NO:** 1800 891 0182

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**MATERIALITY POLICY**

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#### ❖ INTRODUCTION

This policy ("Policy") has been formulated to define the materiality policy for identification of group companies, outstanding litigations and outstanding dues to creditors in respect of Polysil Irrigation Systems 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"), which states that the policy of materiality should be disclosed in the offer document.

#### ❖ APPLICABILITY

- a. The board of directors of the Company ("Board") has, at their meeting held on March 20, 2023, discussed and approved this Policy. This Policy shall be effective from the date of approval of policy by the Board.
- b. In this Policy, the term "Offer Documents" shall mean the draft red herring prospectus, the red herring prospectus and the prospectus, including any amendments, supplements or corrigenda thereto, to be filed 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, Ahmedabad and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

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

#### ❖ IDENTIFICATION OF 'MATERIAL' GROUP COMPANIES

##### a. Requirement

As per the SEBI ICDR Regulations, the term "Group Companies", wherever they occur, shall include such companies as covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India "Accounting Standard 18") and also any other companies as considered material by the Board. The policy on materiality, as stated below, shall be disclosed in the Offer Documents.

##### b. Policy on materiality

For the purpose of disclosure in the Offer Documents, an entity shall be considered material and will be disclosed as a "Group Company" in the Offer Documents, if subsequent to the last three years (including any stub period in respect of which, financial statements are included in the Offer Documents, such period collectively referred to as the "Relevant Period") would require disclosure in the standalone financial statements of the Company as entities covered under Accounting Standard 18, in addition to/ other than those companies covered and included in the schedule of related party relationships in terms of Accounting Standard 18 in the standalone audited financial statements of the Company for the Relevant Period.

*For avoidance of doubt, it is clarified that any companies which, in the Relevant Period or subsequent to the Relevant Period, have ceased to be related parties of the Company in terms of Accounting Standard 18 solely on account of there being no significant influence/ control over such company in terms of Accounting Standard 18 after the Relevant Period are not being considered as 'Group Companies', for the purpose of disclosure in the Offer Documents.*

#### ❖ IDENTIFICATION OF 'MATERIAL' LITIGATIONS (EXCLUDING CRIMINAL PROCEEDINGS, STATUTORY/REGULATORY ACTIONS AND TAXATION MATTERS)

##### a. Requirement

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of litigation involving the Company/ Directors/ Promoters / Group Companies:

- (i) pending criminal litigation;
- (ii) actions taken by statutory or regulatory authorities;
- (iii) outstanding claims for any direct and indirect tax liabilities;



- (iv) outstanding proceedings initiated against the Company for economic offences;
- (v) defaults or non-payment of statutory dues by the Company;
- (vi) material fraud against the Company in the last five years immediately preceding the year of this Offer Document;
- (vii) inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or any previous companies' law against the Company during the last five years immediately preceding the year of the Offer Document and if there were prosecutions filed (whether pending or not);
- (viii) fines imposed or compounding of offences for the Company in the last five years immediately preceding the year of Offer Document;
- (ix) litigation or legal action against the Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the year of Offer Document;
- (x) Other Material Litigation – As per this policy.

**b. Policy of Materiality**

Other than litigations mentioned in paragraphs a. (i) to (ix) above, any other pending litigation involving the Company, its Directors, its Promoters and Group Companies shall be considered as "Material Litigation" for the purpose of disclosure in the Offer Documents if:

- (i) the monetary amount of claim by or against the Company, its Directors, its Promoters and Group Companies in any such pending litigation is in excess of 5.00% of profit after tax of the Company, as per the last restated audited standalone financial statements of the Company for a complete financial year i.e. F.Y. 2022-23, included in the Offer Documents; or
- (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, the disclosures on outstanding litigation in the Offer Documents will also include disclosures as specified in the Companies Act, 2013.

**❖ IDENTIFICATION OF 'MATERIAL' OUTSTANDING DUES TO CREDITORS**

**a. Requirement**

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

- (i) based on the policy on materiality of the Board, and as disclosed in the Offer Document, disclosure for such creditors;
- (ii) Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved; and
- (iii) Complete details about outstanding dues to creditors as per (i) and (ii) above shall be disclosed on the webpage of the Company with a web link thereto in the Offer Documents.

**b. Policy of Materiality**

For identification of material creditors, any creditor of the Company shall be considered as "Material Creditor" for the purpose of disclosure in the Offer Documents, if amount dues to such creditor exceed 10.00% of profit after tax of the Company, as per the last restated audited standalone financial statements of the Company for a complete financial year i.e. F.Y. 2022-23, included in the Offer Documents.



c. Disclosures in the Offer Documents regarding material creditors, small scale undertakings, micro, small or medium enterprises and other creditors

- (i) For creditors identified as material based on the above-mentioned criteria ("Material Creditors"), the total number of Material Creditors and consolidated amounts due to such Material Creditors will be made in the Offer Documents.
- (ii) For outstanding dues to any party which is a small scale undertaking ("SSI") or a micro, small or a medium enterprise ("MSME"), the disclosure will be based on information available with the Company regarding status of the creditor as defined under Section 2 of the Industries (Development and Regulation) Act, 1951 and Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, respectively, each as amended, as has been relied upon by Company's statutory auditors. Consolidated information for such identified SSIs, MSMEs and other creditors (excluding Material Creditors) shall be provided in the Offer Documents in the following manner:
- consolidated amounts due to such entities and
  - aggregate number of entities.
- (iii) Complete details about outstanding overdues 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 web link thereto.

❖ GENERAL

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

