

## MATERIALITY POLICY

### Introduction

This document has been formulated to define the materiality policy for identification of (1) material litigation involving eMudhra Limited (the “**Company**”), its Directors, its Promoters and its subsidiaries, namely, eMudhra Technologies Limited, eMudhra Consumer Services Limited, eMudhra (MU) Ltd, Mauritius, eMudhra DMCC, UAE, eMudhra Inc, USA, eMudhra Pte Ltd, Singapore, eMudhra BV, Netherlands and PT eMudhra Technologies Indonesia, Indonesia (collectively, “**Subsidiaries**”); (2) the Group Companies; and (3) the material creditors of the Company (together, 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 has been approved by the Board of Directors of the Company (“**Board**”) on October 14, 202.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus (“**DRHP**”), the red herring prospectus, and the prospectus, including 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 or the stock exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable; and the term “**Restated Consolidated Financial Information**” shall mean Audited and Restated consolidated financial statements the years ended March 31, 2021, 2020 and 2019 and the most recent stud period.

### **1. Materiality policy for litigation**

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigations, each involving the Company, its Directors, its Promoters and its Subsidiaries (“**Relevant Parties**”):

- (a) All outstanding criminal proceedings;
- (b) All outstanding actions by statutory and / or regulatory authorities;
- (c) Outstanding taxation proceedings –disclosures regarding claims related to direct and indirect taxes, in a consolidated manner, giving details of number of cases and total amount. In the event any tax matters involve an amount exceeding the threshold proposed in 1(a) below, in relation to each Relevant Party, individual disclosures of such tax matters will be included; and
- (d) All other pending litigations / arbitration proceedings – as per the policy of materiality defined by the Board and disclosed in the Offer Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose: (a) any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges against any of the Promoters in the five financial years preceding the relevant Offer Document, including any outstanding action; and (b) outstanding litigation involving the Group Companies, which may have a material impact on the Company, as applicable.

**For the purposes of determining litigation / arbitration proceedings referred to in point (d) above, the following criteria shall apply:**

1. Any pending litigation / arbitration proceedings (other than litigations mentioned in points (a) to (c) above) involving any of the Relevant Parties shall be considered “material” for the purposes of disclosure in the Offer Documents, if:
  - (a) the aggregate monetary claim/ dispute amount/ liability made by or against the Relevant Party, in any such pending litigation / arbitration proceeding is equal to or in excess of 1% of consolidated restated turnover i.e. Rs. 1,324.54 million or 1% of consolidated restated profit after tax i.e. Rs. 253.59 million for Fiscal 2021, whichever is lower, as per the latest fiscal year in the Restated Consolidated Financial Information; or
  - (b) any monetary liability is not quantifiable, or which does not fulfil the threshold as specified in paragraph 1(a) above, but the outcome of which could, nonetheless, directly or indirectly, or together with similar other proceedings, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company and/or its Subsidiaries.
2. Any pending litigation / arbitration proceedings (other than litigations mentioned in points (a) to (c) above) involving any person other than the Relevant Parties shall be considered “material” for the purposes of disclosure in the Offer Documents, if, the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.

Further, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board of Directors, not be considered as material litigation, until such time that a Relevant Party is impleaded as a defendant in proceedings before any judicial / arbitral forum.

## 2. **Materiality policy for Group Companies**

In terms of the SEBI ICDR Regulations, the term 'group companies' includes (a) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed in the relevant Offer Document, as covered under the applicable accounting standards, and (b) any other companies as considered material by the Board.

Accordingly, for (a) above, all such companies (other than the promoter and any subsidiary) with which there were related party transactions during the periods covered in the Restated Consolidated Financial Information, 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 promoters, any subsidiary and companies categorized under (a) above) shall be considered "material" and will be disclosed as a 'Group Company' in the Offer Documents if such companies form part of the Promoter Group and with which there were transactions in the most recent financial year, which individually or in the aggregate, exceed 5% of the total consolidated restated revenue from operations of the Company as per the Restated Consolidated Financial Information.

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

### *Materiality threshold*

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.

## 3. **Materiality policy for identification of 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, including the consolidated number of creditors and the aggregate amount involved; and
- (b) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved.

For the purposes of identification of material creditors, in terms of point (a) above, a creditor of the Company, shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor is equal to, or in excess of Rs. 1.74 million, being, 5% of the consolidated trade payables of the Company as at the end of the latest fiscal year in the Restated Consolidated 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 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 regulatory amendments from time to time.

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

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