



VLCC HEALTH CARE LIMITED

CIN: U74899DL1996PLC082842

Materiality Policy on Litigation, Creditors and Group Companies, the “Policy”

Type: Policy	Owner: Board of Directors	Custodian: Company Secretary
Effective Date: 31.05.21	Latest Review:	Communication Plan: Web
Version: 1	Privacy Classification: OpenGeneral	Doc. No. Listing Policy / FY21-22

MATERIALITY POLICY

Introduction

This document has been formulated to define the materiality policy for identification of (i) outstanding material litigation involving VLCC Health Care Limited (the “**Company**”), its Subsidiaries, Directors, and Promoters; (ii) the Group Companies and (iii) the material creditors of the Company (together, the “**Policy**”), 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.

In this Policy, the term “**Offer Documents**” shall mean the Draft Red Herring Prospectus, the updated draft red herring prospectus to be filed with the Securities and Exchange Board of India (“**SEBI**”), the Red Herring Prospectus and the Prospectus.

I. Materiality policy for litigation

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

- (i) All criminal proceedings;
- (ii) All actions by statutory and / or regulatory authorities;
- (iii) Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (iv) Other pending litigations/arbitration proceedings - As per the policy of materiality defined by the Board of Directors 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 material litigations /arbitration proceedings as mentioned in point (iv) above, the following criteria shall apply:

For Company and Subsidiaries

Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) above) involving the Relevant Parties shall be considered “material” for the purposes of disclosure in the Offer Documents, if:

- (i) The aggregate monetary claim made by or against the Company, its Subsidiaries, Directors, and/or Promoters (individually or in aggregate), in any such pending litigation / arbitration proceeding is equal to or **in excess of 0.5% of the Company’s consolidated revenue**, in the most recently completed fiscal year as per the Restated Financial Statements; or
- (ii) any such litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of which could, nonetheless, 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 Company, the Subsidiaries, the Promoters, Directors or a Group

Company (collectively 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 a material litigation until such time that the Relevant Party is impleaded as a defendant in proceedings before any judicial / arbitral forum.

II. Materiality policy for Group Companies

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

Accordingly, for (i) above, all such companies (other than the Company’s Subsidiaries and Promoters) with which there were related party transactions during the period covered in the Restated Financial Statements, 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 (ii) above, a company (**other than the Subsidiaries** and the companies covered under the schedule of related party transactions as per the Restated Financial Statements) shall be considered “material” and will be disclosed as a ‘Group Company’ in the Offer Documents if :

- (a) the Company and / or its Promoters hold 10% or more of the equity share capital of such company; and
- (b) the Company has entered into one or more transactions with such company during the last completed fiscal year, which individually or cumulatively in value exceeds 5% of the total consolidated revenue of the Company for that fiscal year as per the Restated Financial Statements.

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

III. 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:

- (i) 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;
- (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; and
- (iii) Web link of the relevant page on the Company’s website, which contains complete details on outstanding overdues to material creditors along with the name and amount involved for each such material creditor.

For the purposes of 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, if amounts due to such creditor is equal to or in **excess of 5% of the total consolidated trade payables** of the Company as at the end of the latest period included in the Restated Financial Statements.

In terms of point (ii) above, for outstanding dues to any party which is 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 Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder, as has been relied upon by its statutory auditors.

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.