

UDAYSHIVAKUMAR INFRA LIMITED

USK - MATERIALITY POLICY

Introduction

This document has been formulated to define the materiality policy for identification of (1) outstanding material litigation involving Udayshivakumar Infra Limited (the “**Company**”), its directors, its promoter, its joint venture (together, the “**Relevant Parties**”); (2) the group companies of the Company; 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 shall be effective from the date of its approval by the Board of Directors of the Company (“**Board**”) or a committee thereof.

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.

The term “**Restated Financial Information**” shall mean the restated financial information of the Company, as disclosed in the relevant Offer Documents, together with the summary statement of 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.

1. Materiality policy for litigation

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigations involving any of the Company, its directors, its promoter and its joint ventures. Further the Company is proposing to disclose the following pending litigations, as prescribed under the SEBI ICDR Regulations:

- (a) All criminal proceedings;
- (b) All actions by statutory and / or regulatory authorities;
- (c) Taxation proceedings – disclosures regarding claims related to direct and indirect taxes, in a consolidated manner, giving details of number of cases and total amount; 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 its promoter in the five financial years preceding the date of 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.

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

Any pending litigation / arbitration proceedings (other than the litigation referred to in points 1 (a) to (c) above) shall be considered “material” for the purposes of disclosure in the Offer Documents, if:

- (a) as regards the Company or its joint venture, the aggregate monetary claim/ dispute amount/ liability made by or against the Company or its joint venture (if any) in any such pending litigation / arbitration proceeding is equal to, or in excess of, 5% of the restated profit after tax of the Company, as per the latest completed fiscal year of the Restated Financial Information; or
- (b) as regards the directors and promoter of the Company, any such pending litigation / arbitration proceeding involving the directors or the promoters of the Company, which may have a material adverse impact on the business, operations, performance, prospects, financial position or reputation of the Company; or
- (c) if any monetary liability is not quantifiable, or which does not fulfil the thresholds specified in paragraphs (a) or (b) above, as applicable, or wherein our Company is not a party, 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.

For the purpose of the above and litigation involving pre-litigation notices received by the Relevant Parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action or the first information reports) 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, for the purpose of disclosure in the Offer Documents, the term ‘group companies’ includes (a) such companies (other than the promoter and subsidiary) with which the 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 2(a) above, all such companies (other than the promoter and subsidiary(ies) (if any)) with which there were related party transactions during the periods covered in the Restated Financial Information, as covered under the applicable accounting standards, shall be considered as group companies in terms of the SEBI ICDR Regulations and shall be disclosed in the Offer Documents.

In addition, for the purposes of 2(b) above, a company (other than the promoter, the subsidiary(ies) (if any) and companies categorized under 2(a) above) shall be considered “material” if there are transactions with it in the most recent financial year, which, exceed 5% of the total restated revenue of our Company, as per the Restated Financial Information for that period.

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 3 (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, 10% of the restated trade payables of the Company, respectively, as at the end of the latest period included in the Restated Financial Information.

Additionally, complete details about outstanding overdues to material creditors along with the name and amount involved for each such material creditor (as per 3(a) above) shall be disclosed on the webpage of the Company with the relevant weblink included in the Offer Documents, as applicable.

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 applicable law and 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.