

Materiality policy

1. PURPOSE

- 1.1 This Policy has been formulated to define the respective materiality policies in respect of Semcorp Energy India Limited (“**Company**” or “**SEIL**”), pursuant to the disclosure requirements under Schedule VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:
 - 1.1.1 Identification of material companies to be disclosed as Group Companies
 - 1.1.2 Identification of ‘Material’ Litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters)
 - 1.1.3 Identification of ‘Material’ Outstanding dues to Creditors
- 1.2 The board of directors of the Company at their meeting held on 19 February, 2018 discussed and approved this Policy. This policy shall be effective from the date of approval of policy by the board.
- 1.3 **Offer Documents** means the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus 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, Registrar of Companies, Andhra Pradesh and Telangana, at Hyderabad and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.
- 1.4 All other capitalised terms not specifically defined in this policy shall have the same meanings ascribed to such terms in the Offer Documents.

2. IDENTIFICATION OF MATERIAL COMPANIES TO BE DISCLOSED AS GROUP COMPANIES:

- 2.1 **Requirement** - As per the requirements of the SEBI ICDR Regulations, Group Companies include such companies as covered under the applicable accounting standards (i.e. Indian Accounting Standard 24 issued under the Companies (Indian Accounting Standard) Rules, 2015, as amended (“**Ind AS 24**”)) and also any other companies as considered material by the board of directors of the Company. The policy on identification of material companies to be disclosed Group Companies (other than those covered under Ind AS 24), as below, shall be disclosed in the Offer Documents.
- 2.2 **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 such company:
 - 2.2.1 is a member of the Promoter Group and has entered into one or more transactions with the Company in the most recent audited Fiscal (i.e. Fiscal 2017) and the stub period which, individually or in the aggregate, exceed 10% of the total consolidated revenue of the Company for such Fiscal; or
 - 2.2.2 would be required to be disclosed as a company covered under the applicable accounting standards, i.e., Indian Accounting Standard 24 issued by ICAI (“**Ind AS 24**”) for the period subsequent to the date of the last audited consolidated financial statements of the Company (including upon acquisition of SGPL and SGIL as subsidiaries of the Company), in addition to/

other than those companies covered under Ind AS 24 in the consolidated financial statements of the Company included in the Offer Documents.

2.3 For avoidance of doubt, it is clarified that the direct or indirect subsidiaries, and the Promoter shall not be considered as 'Group Companies' for the purpose of disclosure in the Offer Documents.

3. IDENTIFICATION OF 'MATERIAL' LITIGATION (excluding criminal proceedings, statutory/regulatory actions and taxation matters):

3.1 Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its directors, promoter, group companies and subsidiaries related to:

- 3.1.1 All criminal proceedings;
- 3.1.2 All actions by statutory / regulatory authorities;
- 3.1.3 Taxation - Separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- 3.1.4 Other pending litigations - As per policy of materiality defined by the board of the Company and disclosed in the Offer Documents.

3.2 Policy on materiality:

Other than litigations mentioned in point (i) to (iii) above, any other pending litigation involving the Company, Subsidiaries, Group Companies, Promoter or Directors would be considered 'material' if: (a) the monetary amount of claim by or against the entity or person in any such pending matter is in excess of 2.5% of the Company's net worth as per the restated consolidated financial statements for the latest fiscal year included in the Draft Red Herring Prospectus as per the restated consolidated financial statements of the Company as of March 31, 2017; or (b) such litigation, an adverse outcome of which would materially and adversely affect the Company's business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.

It is clarified that apart from as set forth above, the sections on outstanding litigation in the Offer Documents will also include disclosures as specified in the Companies Act, 2013.

4. IDENTIFICATION OF 'MATERIAL' OUTSTANDING DUES TO CREDITORS: -

4.1 Requirement:

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

- 4.1.1 Based on the policy on materiality of the board of the Company and as disclosed in the Offer Document, disclosure for such creditors;
- 4.1.2 Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved; and
- 4.1.3 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 document.

4.2 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, if amounts due to such creditor exceeds 10.00% of the total consolidated trade payables as on the date of the latest consolidated financial statements included in the Offer Documents.

Disclosures in offer document regarding creditors and SSIs and MSMEs

- 4.2.1 For creditors identified as material based on the abovementioned policy, information on outstanding dues to such material creditors shall be disclosed in the Offer Documents along with details of number of creditors and amount involved on an aggregate basis.
- 4.2.2 For outstanding dues to small scale undertakings (“SSI”) or a micro small or medium enterprises (“MSME”), the disclosure will be based on information available with the Company regarding the status of the creditors as an SSI or MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the statutory auditors in preparing their audit report. Information for such identified SSI or MSMEs creditors shall be provided in the Offer Documents in the following manner:
 - 4.2.2.1 aggregate amounts due to such creditors; and
 - 4.2.2.2 aggregate number of such creditors.

5. GENERAL:

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