

## **MAZAGON DOCK SHIPBUILDERS LIMITED**

### **MATERIALITY POLICIES**

#### **Identification of ‘Material’ Group Companies:**

*Requirement:*

As per the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”), "Group companies", wherever this term occurs, shall include such companies as covered under the applicable accounting standards (i.e. Accounting Standard 18 or Indian Accounting Standard 24 (“Ind AS 24”) issued by the Institute of Chartered Accountants of India) and also any other companies as considered material by the Board. The policy on materiality for determination of such companies as considered material by the Board, as below, shall be disclosed in the draft red herring prospectus, red herring prospectus and prospectus issued by the Mazagon Dock Shipbuilders Limited (the “Company”) in accordance with the provisions of the SEBI ICDR Regulations for the initial public offering of its equity shares (the “Offer Documents”).

*Policy on materiality:*

1. Companies having ‘material relationship’ with the Company shall be considered to be Group Companies. For the purposes of determining ‘material relationship’, the following criteria shall be adopted:
  - a. the monetary value of our Company’s transactions with such company exceeds 10% of the total revenue of our Company as per the last restated consolidated financial statements of the Company.

For the avoidance of doubt, it is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and / or such other applicable authority with respect to listed companies and that the above policy on materiality 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.

#### **Identification of ‘Material’ Litigation (excluding criminal proceeding, statutory/regulatory actions and taxation matters:**

*Requirement:*

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigations involving the Company/ its directors/ promoter/ group companies in relation to:

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

*Policy on materiality:*

Other than litigations mentioned in points (i) to (iii) above, any other pending litigation involving the Company, its directors and group companies shall be considered “material’ for the purpose of disclosure in the Offer Documents if -

- a. the potential financial liability/monetary claim by or against the Company, its directors and group companies in any pending matter(s) is in excess of 1.2017% of the Profit for the year of the Company, as per the last full year restated consolidated financial statements of the Company;
- b. any such litigation wherein the monetary liability is not quantifiable or does not meet the specific threshold and parameters as set out in (a) above, but where an adverse outcome in such litigation would materially and adversely affect the business, operations, financial position or reputation of the Company or required to be disclosed as may be prescribed by any regulatory authority.

Further, the pre-litigation notices received by Company, its directors, and our group company, from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that any of the Company, its directors and/or its group company are impleaded as defendants in litigation proceedings before any judicial forum.

It is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and / or such other governmental authority with respect to listed companies and that the above policy on materiality 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.

Furthermore, the above policy on materiality shall be without prejudice to the disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents.

**Identification of ‘Material’ Creditors:-**

*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 Documents, 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;
- (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.

*Policy on materiality:*

For identification of material creditors, such creditors of the Company, shall be considered to be material for the purpose of disclosure in the Offer Documents, if amount dues to any one of them exceeds 5% of the outstanding trade payables as per the latest restated consolidated financial statements of the Company.

Disclosures in Offer Documents regarding material creditors and SMEs

- (i) For creditors identified as material based on the abovementioned Policy, complete details of such material creditors including name and outstanding dues to each material creditor would be disclosed in the Offer Documents and the website of the Company:
  
- (ii) For outstanding dues to any party which is a Small Scale Undertaking (“SSI”) or a Micro Small and Medium Enterprises (“MSME”), the disclosure will be based on information available with the Company regarding status of the suppliers as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as has been relied upon by the auditors. Consolidated information for such identified SSI/MSMEs and creditors shall be provided in the Offer Documents in the following manner:
  - a. consolidated amounts due to such entities; and
  - b. aggregate number of entities.
  
- (iii) Complete details about outstanding dues to creditors shall be disclosed on the webpage of the Company with a web link thereto in the offer documents.

The Company shall make relevant disclosures before the Audit Committee/ Board as required by the applicable law from time to time.

It is clarified that the above policy on materiality of creditors shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and / or such other applicable regulatory authority with respect to listed companies and the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and the website of the Company and should not be applied towards any other purpose.

**General:**

The above policies shall be subject to review/changes by the Board as may be deemed necessary and in accordance with regulatory amendments, from time to time.