
VEEDA CLINICAL RESEARCH LIMITED

MATERIALITY POLICY

INTRODUCTION

This policy (the “**Policy**”) has been formulated to define the respective materiality policies in respect of Veeda Clinical Research Limited (the “**Company**”), pursuant to the disclosure requirements prescribed under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of group companies to be disclosed in the Offer Documents (defined below);
- B. Identification of material outstanding litigation; and
- C. Identification of material outstanding dues to creditors.

APPLICABILITY

The board of directors of the Company (the “**Board**”) at their meeting held on 18th January, 2025 discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus and 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**”), Registrar of Companies, Gujarat at Ahmedabad and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

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

The policy on materiality shall be without prejudice to any disclosure requirements, which may be 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 or by SEBI and/or such other applicable 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, or any other applicable law. In this regard, it is clarified 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.

A. Identification of companies to be disclosed as group companies

Requirement:

The SEBI ICDR Regulations define “group companies” as “*such companies (other than promoter(s) and subsidiary/ subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer*”.

Therefore, for the purpose of disclosure in the Offer Documents, the following shall be considered group companies of the Company:

- (i) such companies (other than the promoter(s) or subsidiary(ies) of the Company) with which there were related party transactions, during the period for which financial information will be disclosed in the Offer Documents, as covered under the applicable accounting standards; and
- (ii) other companies considered material by the Board.

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For the purpose of (ii) above, companies (other than the companies covered under point (i) above and other than the promoter(s) and subsidiary(ies) of the Company) forming part of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which the Company has had related party transactions during the

last completed full financial year and stub period, as applicable, which, individually or in the aggregate, exceed 10% of the total revenue from operations of the Company for such period, as per the restated consolidated summary statements disclosed in the Offer Documents shall be considered “material”.

B. Identification of ‘material’ outstanding litigation (excluding criminal proceedings, actions by statutory/regulatory authorities, disciplinary actions against the promoter and taxation matters)

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Company, its Directors, Promoter and Subsidiaries (collectively the “**Relevant Parties**”):

- (i) All outstanding criminal proceedings, including such matters which are at the FIR stage and no/ some cognizance has been taken by any court or any other judicial authority;
- (ii) All outstanding actions (including all penalties and show cause notices) by regulatory and statutory authorities;
- (iii) Disciplinary action including penalty imposed by the Securities and Exchange Board of India or stock exchanges against the Promoter in the last five fiscals including outstanding action;
- (iv) All outstanding claims related to direct and indirect tax matters (a) in a consolidated manner, giving the number of cases and total amount, and (b) in a descriptive manner of cases that exceed the Materiality Threshold (*defined below*); and
- (v) Details of any other pending civil litigation or arbitration proceedings, involving the Relevant Parties, which are determined to be material as per a policy defined and adopted by the Board.

Further, as per the requirements of the SEBI ICDR Regulations, the Company shall also disclose such outstanding litigations involving the group companies, which has a material impact on the Company.

Policy on materiality:

For the purpose of point (v) above, all outstanding litigation/arbitration proceedings, including any litigation involving the Relevant Parties (other than criminal proceedings, actions taken by statutory or regulatory authorities, and direct or indirect tax claims) shall be disclosed:

- a. where the monetary amount of claim by or against the Relevant Parties in any such pending proceeding is individually in excess of the lower of the following (A) 2.00% of the turnover of the Company as per the Restated Consolidated Summary Statements for the last Fiscal; (B) 2.00% of the networth of the Company as per the Restated Consolidated Summary Statements for the last Fiscal; or (C) 5.00% of the average of the absolute value of the profit/loss after tax of the Company as per the Restated Consolidated Summary Statements for the last three Fiscals (“**Materiality Threshold**”);
- b. where the decision in one case is likely to affect the decision in similar cases, such that the cumulative amount involved in such matters exceeds the Materiality Threshold even though the amount involved in an individual litigation may not exceed the Materiality Threshold; or
- c. where the monetary liability is not quantifiable or determinable, or which does not exceed the Materiality Threshold, the outcome of which may have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of our Company.

It is clarified that for the purpose of this Policy, pre-litigation notices received by the Relevant Parties from third parties (excluding notices from statutory, regulatory or tax authorities, first information reports (including those where no cognizance has been taken by any court) or notices threatening criminal action) shall not be evaluated for materiality until such persons are impleaded as defendants or respondents in proceedings before any judicial/arbitral forum or the Company is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.

C. Identification of material outstanding dues to creditors

Requirement:

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

- (i) based on the policy on materiality defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;
- (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 will be disclosed in the Offer Documents; and
- (iii) complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a web link thereto in the Offer Documents.

Policy on materiality:

For identification of material creditors for disclosure in the Offer Documents in terms of point (i) above and on the website of the Company in terms of point (3) above, all creditors of the Company to whom the amount due from the Company exceeds 5.00% of the total trade payables of the Company as at the end of the latest financial period for which the restated consolidated summary statements is disclosed in the Offer Documents, shall be considered to be material.

GENERAL

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