

Approved by BOD in the meeting dated September 1, 2021

## India1 Payments Limited

### Materiality Policy

This document has been formulated to define the materiality policy for identification of (i) outstanding material litigation involving India1 Payments Limited (the “**Company**”), Group Companies, Directors and Promoter; 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. Material Policy for Litigation**

Pursuant to our review of the initial litigation MIS shared by the Company, please see below our thoughts on the materiality threshold for litigation disclosure for the Company, its Promoters and Directors.

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Company, its Directors and Promoters (collectively “**Relevant Parties**”):

- (i) individual disclosure of all criminal proceedings;
- (ii) individual disclosures of all actions by regulatory authorities and statutory authorities;
- (iii) consolidated disclosure of all claims related to direct and indirect taxes, giving the number of cases and total amount; and
- (iv) for all civil/ arbitration legal proceedings – individual disclosures as per the materiality policy defined by the board of directors of the Company and disclosed in the Offer Documents (*materiality thresholds provided below for each Relevant Party*).

Further, as per the requirements of SEBI ICDR Regulations, the Company shall disclose any pending litigation involving the group company which has a material impact on the Company.

#### **a. Company**

*Monetary threshold:* An amount exceeding 1% of the total PAT for Fiscal Year 2021 as per the restated financial statements.

*Subjective threshold:* Under this test, such cases whose outcome may have a material bearing on the business, performance, financial position, prospects, reputation and operations of the Company (*as determined by the Company*), irrespective of their monetary quantum, will necessitate disclosure. This may include any writ petitions filed involving the Company or similar matters which may have a material bearing on the business of the Company.

We understand that for the financial year ending March 31, 2021, as per the audited financial statements, the Company’s PAT was approximately ₹ 33 million. 1% of PAT is approximately ₹ 0.33 million. Further, the actual thresholds and conclusive analysis of material civil litigations will be based on our review of the restated Ind AS financials, once available.

#### **b. Promoters**

##### **Individual Promoter**

*Monetary threshold:* Pending civil cases involving the Individual Promoters of the Company, as applicable, which involve an amount of more than ₹ 0.33 million, being approximately 1 % of the PAT of the Company for the financial year ending March 31, 2021 shall be considered material.

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*Subjective threshold:* All outstanding civil litigation against the Individual Promoters of the Company where an adverse outcome would materially and adversely affect the business, prospects, performance, operations or financial position or reputation of the Company (irrespective of the amount involved in such litigation), would be considered as material for the Company and accordingly, the Individual Promoter shall identify and provide information relating to such outstanding civil litigation involving themselves in a certificate.

Corporate Promoters

*Monetary threshold:* Civil proceedings involving The Banktech Group Pty. Ltd and BTI Payments Singapore Pty Ltd., our Corporate Promoters, which involve an amount of exceeding 1% of the total PAT of The Banktech Group Pty. Ltd , as per its latest audited financials shall be considered material.

Pursuant to our review of the audited financial statements (*financial year ending June 30, 2020*) for Banktech Group Pty. Ltd., the PAT was approximately AUD 5.5 million. 1% of PAT is approximately AUD 0.05 million or ₹ 2.79 mn (AUD to Rupee conversion rate of 55,7838 on 30<sup>th</sup> June 2021)

*Subjective threshold:* Under this test, such cases whose outcome may have a material bearing on the business, prospects, financial positions, performance, reputation and operations of the Company, irrespective of their monetary quantum, will necessitate disclosure. Accordingly, each of the Corporate Promoters shall identify and provide information relating to such outstanding litigation involving themselves in a certificate. Further, the board of directors of the Company would pass a resolution taking on record such certificate provided by the Corporate Promoters.

c. Directors (other than Individual Promoter):

*Monetary threshold:* Pending civil cases involving the directors of the Company, as applicable, which involve an amount of more than ₹ 0.33 million, being approximately 1 % of the PAT of the Company for the financial year ending March 31, 2021 shall be considered material.

*Subjective threshold:* All outstanding civil litigation against the directors of the Company where an adverse outcome would materially and adversely affect the business, prospects, performance, operations or financial position or reputation of the Company (*irrespective of the amount involved in such litigation*), would be considered as material for the Company and accordingly, each of the directors shall identify and provide information relating to such outstanding civil litigation involving themselves in a certificate.

d. Group Companies

In relation to legal proceedings involving the Group Companies, a certificate will be obtained in relation to any litigation involving the Group Companies, the outcome of which could have a material impact on the Company. Further, the board of the Company would pass a resolution taking on record such certificate provided by the group companies.

For the purpose of our diligence, please note that for all legal proceedings involving the Company, we will review the backup documents. However, for all legal proceedings involving the Promoters, Directors and Group Companies, we will rely on certifications and confirmations provided by such entities and individuals. For the purpose of the consolidated tax table, we will rely on the MIS provided by the Company and the certificate to be issued by ICA.

**II. Material Creditors**

Apart from the materiality threshold for litigation, pursuant to requirements under the SEBI ICDR Regulations, we propose taking 5% of the Company's trade payables as per the restated Ind AS financials, as the threshold for disclosure of material creditors.

*General*

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*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*