



Humanity Ahead

BVG INDIA LIMITED

Materiality Policy

MATERIALITY POLICY

I. Introduction

This policy (the “**Materiality Policy**”) has been formulated to define the respective materiality thresholds in respect of the proposed initial public offering of the equity shares of BVG India Limited (the “**Company**”) and such proposed initial public offering, the “**Offer**”) in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**SEBI ICDR Regulations**”), to be disclosed in the draft red herring prospectus, the red herring prospectus, the prospectus and any addendum or corrigendum thereto (collectively, the “**Offer Documents**”) to be filed by the Company in connection with the Offer with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, Maharashtra at Pune and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable in respect of the following:

- (i) identification of companies to be disclosed as group companies of the Company (“**Group Companies**”);
- (ii) identification of all material outstanding legal proceedings involving the Company, its subsidiaries, promoters and directors (collectively, the “**Relevant Parties**”);
- (iii) identification of certain outstanding legal proceedings involving the key managerial personnel (“**KMP**”) and senior management (“**Senior Management**”) of the Company, each as identified in the Offer Documents;
- (iv) approach on disclosure of material outstanding litigation involving the Group Companies of the Company, having a material impact on the Company; and
- (v) identification of material dues owed to creditors of the Company.

The Materiality Policy shall be effective from September 12, 2025, i.e., the date of approval of the Materiality Policy by the board of directors of the Company (“**Board**”).

II. Identification of companies to be disclosed as group companies of the Company

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include (i) such companies (other than

the subsidiaries and the promoters) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under the applicable accounting standards; and (ii) other companies as considered ‘material’ by the Board.

Policy on materiality:

For the purpose of point (i) above, all such companies (other than the corporate promoter and subsidiaries of the Company) with which there were related party transactions, during the period for which restated consolidated financial information is disclosed in the Offer Documents, as covered under applicable accounting standards, shall be considered as group companies of the Company.

In addition to the above, for the purposes of (ii) above, a company shall be considered “material” and will be disclosed as a group company in the Offer Documents, if it is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which the Company has entered into one or more transactions during the last completed financial year and stub period, if any, and where the aggregate of all such transactions with the same company, exceeds 10% of the revenue from operations of the Company for such year and period, as per the restated consolidated financial statements to be included in the Offer Documents.

III. Identification of material litigation

As per the requirements of the SEBI ICDR Regulations, the following litigations involving the Relevant Parties, shall be disclosed in the Offer Documents:

- (i) all outstanding criminal proceedings (including matters which are at first information reports (“**FIR**”) stage, whether cognizance has been taken or not by any court;
- (ii) all outstanding actions (including show cause notices) by regulatory and statutory authorities;
- (iii) disciplinary action(s), including penalty imposed by the SEBI or stock exchanges against the promoters in the last five financial years, including any outstanding action(s);
- (iv) all outstanding claims related to direct and indirect taxes, in a consolidated manner, giving details of the number of cases and total amount involved. Further, in the event any outstanding tax matter involves an amount exceeding the Materiality Threshold (*as defined below*), in relation to the Relevant Parties, individual disclosures of such tax matters will be included in the Offer Documents; and
- (v) Other pending litigation (including civil litigation or arbitration proceedings), where the value or expected impact in terms of value exceeds the Materiality Threshold (*as defined below*).

Note: In relation to the matters under Section 138 of the Negotiable Instruments Act, 1881, as amended, we propose to include a consolidated disclosure providing details of the total number of Section 138 matters and the aggregate amount involved. However, we propose to review all case papers in relation to the Section 138 matters.

Further, as per the requirements of the SEBI ICDR Regulations, the following outstanding litigations involving the KMPs and Senior Management, shall be disclosed in the Offer Documents:

- (i) all outstanding criminal proceedings (including matters which are at the FIR stage, whether cognizance has been taken or not by any court); and
- (ii) all outstanding actions (including all disciplinary actions, penalties, and show cause notices) by regulatory authorities and statutory authorities against such KMP(s) and Senior Management, will be disclosed in the Offer Documents

For the purposes of the above, pre-litigation notices received by Relevant Parties, including by KMPs and Senior Management, from third parties (excluding those notices issued by statutory or regulatory or governmental or taxation authorities), shall not be considered as litigation until such time that the Relevant Parties are not impleaded as a defendant or respondent in the litigation proceedings before any judicial/ quasi-judicial or arbitral forum or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Additionally, as per the requirements of SEBI ICDR Regulations, the Offer Documents shall also disclose such outstanding litigation involving the Group Companies which has a material impact on the Company.

A. Materiality Threshold:

Other than the litigation mentioned in points (i) to (iv) of III above, in accordance with the SEBI ICDR Regulations, any other outstanding litigation involving the Relevant Parties (including outstanding tax litigation mentioned in point (iv) of III above) would be considered 'material' for the purpose of disclosure in the Offer Documents, if the monetary amount is lower of the following thresholds:

- (i) As per the policy of materiality defined by the Board and disclosed in the Offer Documents; or
- (ii) Where the value or expected impact in terms of value, exceeds the lower of the following:
 - a. 2% (two per cent) of turnover, as per the latest annual restated consolidated financial statements of the Company; or
 - b. 2% (two per cent) of the net worth, as per the latest annual restated consolidated financial statements of the Company, except in the case the arithmetic value of the net worth is negative; or
 - c. 5% (five per cent) of the average of absolute value of profit or loss after tax for the last three financial years as per the annual restated consolidated financial statements. For the purpose of this sub-clause (c), it is clarified that the average of absolute value of profit or loss after tax is to be calculated by disregarding the 'sign' (positive or negative) that denotes such value.

For the purposes of disclosure in the Offer Documents, it is proposed the lower of the values included in point (ii) above shall be considered. (such monetary amount, the "**Materiality Threshold**")

B. Other outstanding litigation

In addition to the proceedings mentioned in point III (v) above which would exceed the Materiality Threshold, the following civil litigation or arbitration proceedings shall also be considered material in relation to the Relevant Parties:

- (i) Such outstanding litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the Materiality Threshold; and
- (ii) All outstanding litigation which may not meet the Materiality Threshold or where the monetary liability is not determinable or quantifiable but nonetheless, directly or indirectly, or together with similar other proceedings, have a material adverse effect on the business, operations, performance or financial condition, reputation, results of operations or cash flows of the Company.

C. Litigation approach for Group Companies

In relation to the legal proceedings involving Group Companies, a certificate will be obtained in relation to any material litigation involving the Group Companies, the outcome of which could have a material impact on the Company.

Any pending litigation involving the Group Companies, as identified in accordance with provisions of SEBI ICDR Regulations, would be considered to have a 'material impact' on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, cash flows, performance, financial position, or reputation of the Company.

For the purposes of the above, pre-litigation notices received by such Group Companies from third parties shall not be considered material until such time that such Group Company, is impleaded as a defendant or respondent in litigation that may be commenced before any judicial/quasi-judicial or arbitral forum or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

IV. Material dues owed to creditors

In terms of the SEBI ICDR Regulations, the details of creditors including the consolidated number of creditors, aggregate amount involved, details of outstanding amount to micro, small and medium enterprises ("MSME") and other creditors, separately, giving details of number of outstanding creditors and aggregate amount involved that are required to be disclosed in the Offer Documents. Complete details of outstanding overdue to the 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.

Accordingly, for the purpose of identification of material creditors for disclosure in the Offer Documents, it is proposed that any creditor of the Company to whom an amount having a monetary value which is equal to or exceeds 5% of the restated consolidated trade payables of the Company, as on the end of the latest financial period/year disclosed in the Offer Documents, shall be considered material.

Further, for outstanding dues to MSME, the disclosure will be based on information available with the Company regarding status of the creditor as MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by Statutory Auditors in preparing their audit report.

V. General

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013, as amended 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.

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 including for disclosure of material information by listed entities pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

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

Record of Release:

Version	Release Date	Summary of Change
V0	September 12, 2025	New policy – First adoption as per Applicable Acts/Regulations

This document supersedes any previous policy/ communication on this subject, if any.