



**POLICY ON IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS
AND MATERIAL LITIGATIONS
AS PER SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2018
(Approved by Board at its meeting held on 12th June, 2023)**

1. Introduction

This policy (“**Policy**”) has been formulated to define the materiality policy for identification of group companies, outstanding litigations and outstanding dues to creditors in respect of Housing and Urban Development Corporation Limited (“**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended from time to time) (“**SEBI ICDR Regulations**”), which states that the policy of materiality should be disclosed in the offer document.

2. Applicability

- 2.1 The board of directors of the Company (“**Board**”) has, at their meeting held on 12th June, 2023 discussed and approved this Policy. This Policy shall be effective from the date of approval of policy by the Board.
- 2.2 In this Policy, the term “**Offer Documents**” shall mean the draft prospectus, the prospectus, including any amendments, supplements or corrigenda thereto, to be filed by the Company in connection with the proposed initial public offering of its equity shares with the National Stock Securities and Exchange Board of India, the Registrar of Companies, National Capital Territory of Delhi and Haryana 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 same meanings ascribed to such terms in the Offer Documents.

3. Identification of ‘Material’ Group Companies

3.1 Requirement

As per the requirements of the 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/ 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 prospectus and prospectus issued by the Company in accordance with the provisions of the SEBI ICDR Regulations for the initial public offering of its equity shares (the "Offer Documents").

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3.2 Policy on materiality

For the purpose of disclosure in the Offer Document, a company shall be considered material and will be disclosed as a "Group Company" in the Offer Document, if such entity belongs to the Promoter Group within the meaning of SEBI ICDR Regulations, for the last three financial years and any stub period in respect of which such financial statements are included in the Offer Documents (such period, collectively referred to as the "Relevant Period").

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

4. Identification of 'Material' Litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters)

4.1 Requirement

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of litigation involving the Company/ Directors/ Group Companies:

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

4.2 Policy on materiality

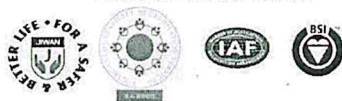
Other than litigations mentioned in paragraphs 4.1 (i), (ii) and (iii) above, any other pending litigation involving the Company, its Directors, Promoters and Group Companies shall be considered "material" for the purpose of disclosure in the Offer Documents if:

- (i) the potential financial liability/monetary amount of claim by or against the Company, its Directors, Promoters and Group Companies in any such pending litigation is in excess of 1.00% of the profit after tax of the Company, as per the last restated audited financial statements of the Company included in the Offer Documents; or
- (ii) such pending litigation is material from the perspective of Company's business, operations, prospects or reputation.

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

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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. It is clarified that apart from as set forth in this paragraph 4, the disclosures on outstanding litigation in the Offer Documents will also include disclosures as specified in the Companies Act, 2013.

5. Identification of 'Material' Outstanding dues to Creditors

5.1 Requirement

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

- (i) Outstanding dues to creditors based on the policy on materiality of the Board, which would be disclosed in the Offer Document;
- (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; and
- (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.

5.2 Policy on materiality

For identification of material creditors, any creditor 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 exceed 5.00% of the trade payables of the Company, as per the last restated financial statements of the Company included in the Offer Documents.

5.3 Disclosures in the Offer Documents regarding material creditors, small scale undertakings, micro, small or medium enterprises and other creditors

- (i) For creditors identified as material based on the above mentioned policy ("Material Creditors"), the total number of Material Creditors and consolidated amounts due to such Material Creditors will be made in the Offer Documents.
- (ii) For outstanding dues to any party which is a micro, small or a medium enterprise ("MSME"), the disclosure will be based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by

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Company's statutory auditors. Consolidated information for such identified MSMEs and other creditors (excluding Material 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.

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.

6. General

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

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