



ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

POLICY ON MATERIALITY POLICY

(Amended in Board Meeting held on August 21, 2026)

Finance & Budgeting Group

ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

MATERIALITY POLICY

INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies in respect of Asset Reconstruction Company (India) Limited (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) (“**SEBI ICDR Regulations**”), for disclosures in the updated draft red herring prospectus, red herring prospectus, prospectus and any other addendum or corrigendum thereto, in respect of the following:

- A. Identification of companies to be disclosed as Group Companies in the Offer Documents (as defined below);
- B. Identification of ‘material’ outstanding litigation involving the Company, its Subsidiaries, Promoters, Directors and Group Companies; and
- C. Identification of ‘material’ outstanding dues to creditors of the Company.

APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on August 21, 2026 discussed and approved this Policy. This Policy shall be effective from the date of approval of the policy by the Board.

In this Policy, the term “**Offer Documents**” shall mean the updated draft red herring prospectus, the red herring prospectus and the prospectus and any other 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, the Registrar of Companies, Mumbai - I at Mumbai and/or the 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.

A. Identification of companies to be disclosed as group companies in the Offer Documents

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than the subsidiaries and the promoters) with which there were related party transactions, as per the applicable accounting standards, during the

period for which financial information is disclosed in the Offer Document(s), and also other companies as considered material by the Board.

The policy on identification of companies to be disclosed as group companies (other than those companies with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s) and excluding subsidiaries and the promoters), as below, shall be disclosed in the Offer Documents.

Policy on materiality:

For the purpose of disclosure in the Offer Documents, a company shall be considered material and will be disclosed as a 'Group Company' in the Offer Documents if:

- (i) Such a company (other than the promoters and subsidiaries of the Company) has entered into related party transactions with the Company during any of the financial periods being included in the Offer Documents; and
- (ii) any other company as may be identified as material by the Board.
 - (a) With respect to (ii) above, the following companies (other than the promoters and subsidiaries of the Company and companies categorized under (i) above) will be considered material and disclosed as a 'Group Company' in the Offer Documents: such companies that are a part of the Promoter Group (other than the Subsidiaries) and have entered into one or more transactions with the Company during the most recent financial year, as per the restated consolidated financial statements of the Company disclosed in the Offer Documents, which individually or in the aggregate, exceed 10% of the total restated revenue from operations of the Company for such period.
 - (b) Other than the companies identified in (ii)(a) above, trusts will be considered material and disclosed as a 'Group Company' in the Offer Documents. This shall include trusts with whom there have been transactions which the Board may consider material for identification as a group company, if any, as per the restated consolidated financial statements of the Company disclosed in the Offer Documents, which individually or in the aggregate, exceed 10% of the total restated revenue from operations of the Company for such period.

B. Identification of 'material' outstanding litigation involving the Company, its Subsidiaries, Promoters, Directors and Group Companies

Requirement:

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

- (i) All outstanding criminal proceedings, including matters which are at first information report stage, even if no cognizance has been taken by any court other than for one of our Promoter, State Bank of India (“**SBI**”) which has been disclosed as below;
- (ii) All outstanding actions taken by regulatory authorities or statutory authorities (including one of our Promoter, SBI);
- (iii) Outstanding claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount, provided that if the amount involved in any such claims exceeds the Company Monetary Threshold (as defined below), such matter(s), shall be disclosed on an individual basis, including other than for one of our Promoter, SBI which has been disclosed as below; and
- (iv) Other pending litigations (including civil litigation or arbitration proceedings) (including one of our Promoter, SBI which has been disclosed below).

Additionally, in terms of the requirements of the SEBI ICDR Regulations, the Company is required to disclose any disciplinary actions including penalties imposed by SEBI or stock exchanges against its promoter(s) in the last five financial years preceding the relevant Offer Document including outstanding action.

Policy on materiality:

For any other pending litigation, as mentioned in (iv), involving the Relevant Parties (other than one of our Promoter, SBI) would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

- (i) Company Monetary threshold: the value or expected impact in terms of value of the litigation by or against the Relevant Parties (other than one of our Promoter, SBI) in any such pending proceeding, to the extent quantifiable, is in excess of a) two percent of turnover, for the most recent financial year as per the restated consolidated financial information, being ₹ 149.98 million; or (b) two percent of net worth, as at the end of the most recent financial year as per the restated consolidated financial information, being ₹591.04 million; or (c) five (5) percent of the average of absolute value of profit or loss after tax of the Company on a consolidated basis, as per the last three financial years restated consolidated financial information, i.e. financial years 2024, 2025 and 2026, being ₹ 168.61 million included in the Offer Documents, whichever is lower being ₹ 149.98 million (“**Company Monetary Threshold**”); or

For the purpose of clause (c) above, 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

- (ii) Company Subjective threshold: (i) such pending matters where the value or expected impact in terms of value of the litigation are not quantifiable or do not exceed the Company Monetary Threshold, involving the Relevant Parties (other than one of our Promoter, SBI), whose outcome, in the opinion of the Board, would materially and adversely affect the Company's business, prospects, performance, operations, financial position, reputation or cash flows; or (ii) such pending matters where the decision in one matter is likely to affect the decision in similar matters, such that the cumulative value or expected impact in terms of value of such matters exceeds the Company Materiality Threshold, even though the value or expected impact in terms of value of an individual matter may not exceed the Company Materiality Threshold.

In relation to any other pending litigation, as mentioned in (iv) above, involving one of our Promoter, SBI, the following would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) SBI Monetary Threshold: the value or expected impact in terms of value of the litigation by or against the SBI in any such pending proceeding, to the extent quantifiable, is in excess of a) two percent of turnover, for the most recent financial year as per the audited consolidated financial information of SBI, being ₹142,528.70 million; or (b) two percent of net worth, as at the end of the most recent financial year as per the audited consolidated financial information of SBI, being ₹ 103,556.70 million; or (c) five (5) percent of the average of absolute value of profit or loss after tax of SBI on a consolidated basis, as per the last three financial years audited consolidated financial information, i.e. financial years 2024, 2025 and 2026, being ₹ 37,990.80 million included in the Offer Documents, whichever is lower being ₹ 37,990.80 million ("**SBI Monetary Threshold**");

For the purpose of clause (c) above, 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.

- (ii) SBI Subjective Threshold: (i) such pending matters where the value or expected impact in terms of value of the litigation are not quantifiable or do not exceed the SBI Monetary Threshold, involving SBI, whose outcome, in the opinion of the Board, would materially and adversely affect SBI's or the Company's business, prospects, performance, operations, financial position, reputation or cash flows; or (ii) such pending matters where the decision in one matter is likely to affect the decision in similar matters, such that the cumulative value or expected impact in

terms of value of such matters exceeds the SBI Monetary Threshold, even though the value or expected impact in terms of value of an individual matter may not exceed the SBI Monetary Threshold.

SBI, from time to time, is involved in various litigation proceedings in the ordinary course of their business. The number of proceedings and disputes in which SBI is involved is not unusual for a bank of their size in the context of doing business in India and in international markets. These legal proceedings involving SBI are primarily in the nature of, amongst others, civil suits, recovery proceedings initiated by them to recover pending dues from their customers against advances made by SBI, criminal cases filed by them in cases of dishonour of cheques or fraud cases, claims against SBI in relation to erroneous or unauthorised debit from customer accounts, wrongful credit or dishonour of cheques, criminal and labour-related proceedings against SBI, claims in relation to repossession of assets by SBI, proceedings initiated under the SARFAESI Act, consumer claims for deficiency in service, claims involving forgery of documents, alleged frauds, and criminal proceedings and tax matters. These legal proceedings may have been initiated by SBI or by its customers, regulators or other parties against SBI, and are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Further, certain regulatory and statutory authorities such as the RBI, the banking ombudsman, various tax authorities and other authorities have, in the past, taken action and/or imposed penalties against SBI. These litigations do not have any material adverse effect on the business, prospects, performance, operations, financial position, reputation or cash flows of the Company or SBI.

For the purposes of disclosing outstanding criminal proceedings involving SBI all criminal complaints filed by SBI, inter-alia, in relation to dishonour of cheques under Section 138 of the Negotiable Instruments Act, 1881 shall be disclosed in a consolidated manner, which are outstanding as on March 31, 2026, including the number of such proceedings and the aggregate amount involved.

For the purposes of disclosure of outstanding claims related to direct and indirect taxes involving SBI, all outstanding claims related to direct and indirect taxes shall be disclosed as on March 31, 2026, in a consolidated manner, including the number of such claims and the aggregate amount involved.

It is clarified that for the purpose of this Policy, any pre-litigation notices received by the Relevant Parties and key managerial personnel and senior management from third parties (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation authorities, first information reports ('FIRs') including FIRs where no cognizance has been taken by court) shall, in any event, not be considered as litigation and evaluated for materiality, until such time that Relevant Parties and key managerial personnel and senior management are impleaded as defendants in

litigation proceedings before any judicial/quasi-judicial/arbitral forum or unless decided otherwise by the Board of the Company.

As per the SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the key managerial personnel and senior management of the Company:

- (i) all outstanding criminal proceedings including matters which are at first information report stage even if no cognizance has been taken by any court or judicial authority; and
- (ii) all outstanding actions by regulatory authorities and statutory authorities (including any judicial, quasi-judicial, administrative authorities or enforcement authorities), including notices by such authorities.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact on the Company. All Group Companies shall identify pending litigations which they consider material to themselves. The Board shall subsequently identify such litigations out of the pending material litigations identified by the respective Group Companies, which, in view of the Board may have a material impact on the Company, and these litigations will be disclosed in the Offer Documents. Any pending litigations 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, prospects, financial position or reputation of the Company.

C. Identification of 'material' creditors of the Company

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents and on the website of the Company 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.

For outstanding dues to micro, small and medium enterprises (“**MSME**”) and other creditors, the disclosure will be based on information available with the Company regarding the status of the creditors as MSME as defined under Section 2 read with Section 7 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the statutory auditors in preparing their audit report.

Policy on materiality:

For identification of material creditors, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor exceeds 5% of the restated consolidated total trade payables of the Company as of the end of the latest financial period/ year covered in the restated consolidated financial statements disclosed in the Offer Documents i.e. March 31, 2026, being ₹ 0.01 million.

GENERAL

It is clarified that the Policy is solely for the purpose 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.

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.

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