

ZEAL GLOBAL SERVICES LIMITED

POLICY ON IDENTIFICATION OF MATERIAL LITIGATIONS AND MATERIAL CREDITORS

A. Introduction

In terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), the Company, *inter alia*, is required to have a Policy on Materiality for (i) disclosure requirements pertaining to litigation involving the issuer company, its directors, its subsidiaries (if any), its promoters and its group companies; and (ii) disclosure requirement pertaining to the outstanding dues to creditors.

B. Objective

In view of the SEBI ICDR Regulations, the Board of Directors ("**Board**") of Zeal Global Services Limited ("**Company**") has adopted this Policy for determination of: (i) material creditors; and (ii) material litigations. This policy shall be called the '**Policy on Identification of Material Litigations and Material Creditors**' ("**Policy**").

The Policy shall be come into effect from the date of its approval by our Board.

C. Interpretation

In this Policy, unless the context otherwise requires:

- (i) words denoting the singular shall include the plural and vice versa.
- (ii) references to the words "include" or "including" shall be construed without limitation.

D. Policy Pertaining to the Identification of Material Litigations and Material Creditors

The Policy with respect to the identification of material litigation and material creditors shall be as follows:

Identification of Material Litigation

In terms of the SEBI ICDR Regulations, the Company is required to disclose in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus all outstanding (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) taxation matters (indirect and direct taxes); and (iv) other pending *material* litigation, involving our Company, our directors, our promoters and our group companies.

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1. For the purposes of determining outstanding material litigation(s) involving the Company, five per cent (5%) of the profit after tax as per the latest audited financial statement, for the entire financial year, is to be considered as the appropriate threshold for determination of material litigations of the Company. The Company has identified material litigation matters on the following parameters:

For outstanding litigation which may, or may, not have any impact on the future revenues of our Company:

- (a) where the aggregate amount involved in such individual litigation exceeds five per cent (5%) of the profit after tax as per the latest audited financial statement, for the entire financial year;
 - (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed five per cent (5%) of the profit after tax and amount involved in all of such cases taken together exceeds five per cent (5%) of the profit after tax as per the latest audited financial statement, for the entire financial year; and
 - (c) outstanding litigation which may not meet the parameters set out in (a) or (b) above, but if such litigation has an adverse outcome, it would materially and adversely affect the operations or financial position of our Company.
2. For the purposes of determining material litigation(s) involving our Directors, all outstanding litigation involving each Director shall be considered and if any such litigation has an adverse outcome and therefore, would materially and adversely affect the reputation, operations or financial position of the Company, it shall be considered as material litigation and accordingly, each of our directors shall identify and provide information relating to such outstanding litigation involving themselves.

Identification of Material Creditors

In terms of the SEBI ICDR Regulations, our Company is required to disclose in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus, (i) the details of the outstanding dues to creditors based on the policy on materiality adopted by the Board and (ii) consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved. Additionally, the Company is required to provide complete details about outstanding dues to creditors as per (i) and (ii) above on the webpage of the Company with a web link thereto in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus.

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For identification of material creditors, any creditor of the Company shall be considered to be material, if the amount due to any one of them exceeds five per cent (5%) of trade payables as per the last audited financial statements of the Company.

D. Amendment

The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

This Policy shall automatically stand amended to reflect any changes to the SEBI Regulations, to the extent the same is the subject matter of this Policy.

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