



HP ADHESIVES LIMITED

**POLICY ON MATERIALITY AS ADOPTED BY THE BOARD OF DIRECTORS OF THE
COMPANY**

This materiality policy ("**the Policy**") has been formulated for the identification of group companies, outstanding litigation and outstanding dues to creditors in respect of HP Adhesives 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 ("**SEBI ICDR Regulations**"), which requires the policy of materiality to be disclosed in the Offer Document.

This Policy shall be effective from the date of approval of the Policy by the board of directors of the Company ("**Board**"). In this Policy, the term "**Offer Document**" shall have the meaning assigned to it under SEBI ICDR Regulations.

A. LITIGATIONS

Requirement:

The Company shall disclose all the litigations involving the Company or its directors or its promoters or its group companies or its subsidiaries, whichever is applicable, relating to:

- i. All criminal proceedings;
- ii. All actions by statutory / regulatory authorities;
- iii. All Tax proceedings - Separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount;
- iv. Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- v. All other pending material litigations - As per the policy of materiality defined by the Company.

Policy on Material Litigation:

Other than litigations mentioned in points (i) to (iv) above, any other pending litigation involving the Company or its directors or its promoters or its group companies or its subsidiaries, whichever is applicable and required to be disclosed under law, shall be considered "material" for the purpose of disclosure in the Offer Document if -

- a. the aggregate amount involved in such individual litigation exceeds 5% of the consolidated profit after tax of the Company, as per the last audited annual financial statements; or where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 5% of profit after tax of the Company as per the last consolidated audited

annual financial statements, if similar 2 litigations put together collectively exceed 5% of the consolidated profit after tax of the Company;

- b. any such litigation wherein the monetary liability is not quantifiable but which is expected to be material from the perspective of the 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 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 Document 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 Document.

B. GROUP COMPANIES

Requirement:

As per the requirements of the SEBI ICDR Regulations, "**Group companies**", wherever the term occurs, shall include such companies (other than promoter(s) and subsidiary/subsidiaries) with which have been related party transactions, reported during the period for which the financial information is required to be disclosed in the Offer Document as per SEBI ICDR Regulations, as covered under the applicable accounting standards, and also 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 Offer Document.

Policy on Material Group Companies:

The following companies shall be considered to be material Group Company(ies) under the Offer Document:

- (i) entity in which the investment in the form of equity or voting power or loan by our Company exceeds 25 % of the net worth of our Company for the last audited financial year; and

- (ii) where the Company has entered into one or more transactions with such entity in the last audited financial year, cumulatively exceeding 5 % of the total revenues of our Company for the last audited financial year.

The Company shall make relevant disclosure before the Audit Committee/ Board as required by the applicable law.

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 Document and should not be applied towards any other purpose.

C. OUTSTANDING DUES TO CREDITORS

Requirement:

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

- (i) Based on the policy on materiality of the Board of the Company, details of creditors which include the consolidated number of creditors and the aggregate amount involved;
- (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;
- (iii) Complete details about outstanding overdues to material creditors as per (i) and (ii) above along with the name and amount involved for each such material creditor shall disclosed, on the website of the Company with a web link thereto.

Policy on Materiality with respect to outstanding dues to creditors:

The Company shall make following disclosures in the Offer Document:

- (i) Consolidated information on outstanding dues to Micro Small & Medium Enterprises (MSME), separately giving details of number of cases and amount involved if the same exceeds the threshold limit of Rs. 1 lakh and the credit period of up to 45 days;
- (ii) Complete details about outstanding dues to other creditors (excluding banks and financial institutions from whom the Company has availed of financing facilities) if

the 4 amount due to any one of them exceeds 5% of the total outstanding trade payables of the Company as per the last audited annual financial statements.

The Company shall make relevant disclosures before the Audit Committee/ Board as required by the applicable law from time to time.

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 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 Document and the website of the Company and should not be applied towards any other purpose.

For and on behalf of HP Adhesives Limited

Karan Haresh Motwani

Managing Director

DIN: 02650089

Date: 7th July, 2021

Place: Mumbai