



Paradeep Phosphates Limited
PARADEEP PHOSPHATES LIMITED

MATERIALITY POLICY

INTRODUCTION

This materiality policy (“**Policy**”) has been formulated to define the respective materiality thresholds in respect of Paradeep Phosphates Limited (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of material companies to be disclosed as Group Companies;
- B. Identification of ‘material’ litigation; and
- C. Identification of ‘material’ outstanding dues to creditors.

APPLICABILITY

The board of directors of the Company at their meeting held on 10th August 2021 discussed and approved this Policy and subsequently at their meeting held on 29th April 2022 discussed and amended this Policy. This Policy shall be effective from the latest date of approval of the Policy by the board of directors of the Company (“**Board**”).

“**Offer Documents**” means the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus to be filed 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, Odisha at Cuttack and 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 Issue Documents.

A. Identification of material companies to be disclosed as group companies

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than the subsidiaries, if any, and the promoter) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24, and also other companies as considered material by the board of the issuer.

The policy on identification of material companies to be disclosed as group companies (other than those covered under Ind AS 24), as below, shall be disclosed in the Offer Documents.

Policy on materiality:

For the purpose of disclosure in the Offer Documents, the Company has considered the companies (other than promoters and subsidiaries) with which there were related party transactions, during the period for which restated consolidated financial information is disclosed in the Offer Document(s) and any other companies as may be considered as material by the Board.

B. Identification of ‘material’ litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company must disclose the following outstanding litigation involving the Company, its directors, promoters or subsidiaries (collectively “**Relevant Parties**”):

- (i) All criminal proceedings;
- (ii) All actions by regulatory authorities and statutory authorities;
- (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (v) Other pending litigations - As per policy of materiality defined by the board of directors of the Company and disclosed in the Offer Documents.

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.

Pre-litigation notices received by any of the Relevant Parties from third parties (excluding those notices issued by statutory / regulatory / governmental / tax authorities) shall, in any event, not be considered as litigation and accordingly not be disclosed in the Offer Documents until such time that Relevant Parties, as applicable, are impleaded as defendants in litigation proceedings before any judicial forum

Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, any other pending litigation involving the Relevant Parties would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

- (i) the monetary amount of claim, to the extent quantifiable, by or against the Relevant Parties in any such outstanding litigation is in excess of ₹ 22.33 million i.e. 1% of the profit after tax of the Company as of the most recently completed financial year, as per the restated financial information included in the Offer Documents; or
; or
- (ii) an other outstanding litigation, an adverse outcome of which would materially and adversely affect the Company’s business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.

Litigation involving the Goa Plant:

Any litigation involving the Goa Plant that will be transferred to the Company while acquiring undertaking acquisition of the Goa Plant, that the Company determines as material for purposes of inclusion in the Offer Documents.

C. Identification of ‘Material’ Outstanding dues to Creditors

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 of directors of the Company, 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.

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 amounts due to such creditor exceeds ₹ Rs.11205.89 Lakhs million i.e., 5% of the total consolidated trade payables as on the date of the latest financial period included in the Offer Documents.

GENERAL

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