

HINDUSTAN AUTO FINANCE LIMITED

E-Mail: hindaf1980@gmail.com, CIN: L65910DL1980PLC010617

Website: www.hindaf.in

INTRODUCTION:

This policy ("Policy") has been formulated to define the materiality for identification of group companies, litigation and outstanding dues to creditors in respect of Hindustan Auto Finance Limited ("Company") for the purposes of relevant disclosure in the Offer Document (defined herein below) pursuant to the 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").

APPLICABILITY & OBJECTIVE :

In view of the SEBI ICDR Regulations, 2018, the Board of Directors of Hindustan Auto Finance Limited ("Company") has amended this policy for determination of Companies which are considered to be material as a Group Company of the Company within the meaning of 'Group Company' defined under the SEBI Regulations.

This Policy shall be called the 'Policy on Identification of Group Companies, Material Creditors and Material Litigations' ("Policy").

This Policy shall come into effect from the date of its approval by the Board.

Requirement:

As per the requirements of the SEBI ICDR Regulations, "Group companies", wherever this term occurs, shall include such companies (other than promoter(s) and subsidiary/subsidiaries) with which there are related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, 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 offer documents issued by the Company in accordance with the provisions of the SEBI ICDR Regulations.

Policy on materiality:

For the purpose of disclosures in the Offer Documents, as prescribed under the SEBI ICDR Regulations, such companies (other than promoter(s) and subsidiary/subsidiaries) with which there are related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards shall be identified as 'Group Companies' in the Offer Documents. In addition to group companies determined under the applicable accounting standards, the companies that are considered material by the Board shall be disclosed as 'Group Companies' in the Offer Documents. A company shall be considered material and disclosed as 'Group Company' if a material adverse change in such company, can lead to a material adverse effect on the Company and its revenues and profitability.

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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.

Identification of 'material' litigation:

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigations involving the Company/ its directors/ promoter/ group companies in relation to:

A (i) All criminal proceedings;

(ii) All actions by statutory / regulatory authorities;

(iii) Claims relating to direct and indirect taxes; or

(iv) Material Litigation (as defined below); involving our Company, Directors, Promoter or Group Companies

B (i) litigation or legal actions, pending or taken, by any Ministry or department or department of the Government or a statutory authority against our Promoter during the last five years;

(ii) pending proceedings initiated against our Company for economic offences

(iii) default and non-payment of statutory dues by our Company;

(iii) default and non-payment of statutory dues by our Company; (iv) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in last five years against our Company; or

(v) Material frauds committed against our Company in the last five years.

Policy on materiality:

Other than litigations mentioned in points A & B above, any other pending litigation involving the Company, its directors, promoter and group companies which are in the nature, if criminal, statutory/regulatory and taxation related which exceeds 1% of the total revenue of the Company, as per the last restated financial statements of the Company will be considered as material litigation.

For the purposes of determining outstanding material litigation involving the directors of the Company, all outstanding litigations where an adverse outcome would materially and adversely affect the business, operations, financial position or reputation of the Company, shall be identified as material litigation.

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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 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.

Identification of 'Material' Creditors: -

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) Based on the Policy on materiality of the Board and as disclosed in the Offer Documents, disclosure for such creditors;
- (ii) Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved;
- (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.

Policy on materiality:

For identification of outstanding material dues, all outstanding dues owed by the Company to small scale undertaking and other creditors exceeding 1% of the revenue of our Company as per the last audited financial statements shall be considered to be material dues for the purpose of disclosure in the Offer Documents and on the website of the Company.

Disclosures in Offer Documents regarding material creditors and SMEs:

(i) For creditors identified as material based on the abovementioned Policy, following disclosure would be made in the Offer Documents:

a. consolidated amount due to such material creditors; and

b. aggregate number of such creditors.

(ii) For outstanding dues to any party which is a Small Scale Undertaking ("SSI") or a Micro Small and Medium Enterprises ("MSME"), the disclosure will be based on information available with the Company regarding status of the suppliers as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as has been relied upon by the auditors. Consolidated

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information for such identified SSI/MSMEs and 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

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 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.

AMENDMENT:

The Board 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 subject matter of this Policy.