

POLICY ON MATERIALITY

MATERIALITY POLICY

Introduction

This document has been formulated to define the materiality policy for identification of (i) outstanding material litigation involving Hindcon Chemicals Limited (the “**Company**”), its subsidiaries, its directors and promoters (collectively, the “**Relevant Parties**”) (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); (ii) its group companies (such group companies identified in accordance with this Policy *as defined below*) and (iii) the material creditors of the Company (collectively, the “**Policy**”), in terms of the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”).

This Policy shall be effective from the date of its approval by the Board of Directors.

In this Policy, the term “**Offer Documents**” shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus (along with any addenda or corrigenda thereto), as applicable, to be filed with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, West Bengal at Kolkata or the stock exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable; and the term “**Restated Consolidated Financial Information**” shall mean the restated consolidated financial information of the Company, as disclosed in the Offer Documents, and the notes to restated consolidated financial information as approved by the board of directors and the significant accounting policies and other explanatory information thereon derived from the relevant audited consolidated financial statements, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (read with the Companies (Indian Accounting Standards) Rules, 2015, as amended) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

I. Materiality policy for litigation

In terms of SEBI ICDR Regulations, the Company is required to disclose the following litigation involving the Relevant Parties:

- (i) All outstanding criminal litigations
- (ii) All actions by statutory and / or regulatory authorities (including any judicial, quasi-judicial, administrative authorities)
- (iii) *Tax litigations*: Separate disclosures regarding claims related to direct and indirect tax liabilities, in a consolidated manner giving total number of claims and total amounts involved; and
- (iv) *Other pending litigations/arbitration proceedings*: As per the policy of materiality approved by the Board of Directors and disclosed in the Offer Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose: (a) any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges

against any of the promoters of the Company in the five financial years preceding the relevant Offer Document, including any outstanding action; and (b) outstanding litigation involving the group companies (if any), the outcome of which may have a material impact on the Company, as applicable.

For the purposes of determining material litigations /arbitration proceedings as mentioned in point (iv) above, the following criteria shall apply:

Any outstanding litigation / arbitration proceedings (other than those covered in points (i) to (iii) above) involving our Company, its Directors, its Subsidiaries and Promoters shall be considered “material” for the purposes of disclosure in the Offer Documents, if:

- a. the aggregate monetary amount of claim made by or against the entity or person in any such pending litigation exceeds 5% of the profit after tax of our Company (on a consolidated basis), as per the latest fiscal covered in the Restated Consolidated Financial Statements included in the Offer Documents; or
- b. the outcome of such litigation, irrespective of any amount involved in such litigation or wherein a monetary liability is not quantifiable, could have a material adverse effect on the financial position, business, operations, performance, prospects or reputation of our Company or its subsidiaries, as applicable; or
- c. the decision in such litigation is likely to affect the decision in similar litigations, and the aggregate monetary claim amount in all such litigation / arbitration proceedings is equal to or in excess of threshold set forth above even though the amount involved in an individual litigation may not exceed the threshold set forth in (I) (a) above.

For the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/ governmental/ tax authorities) will not be, unless otherwise decided by the Board of Directors, considered as an outstanding litigation for the purposes of point (I)(iv) above, until such time such party is impleaded as a defendant or respondent in litigations before any legal/arbitral forum.

II. Materiality policy for Identification of Group Companies

In terms of the SEBI ICDR Regulations, the term ‘group companies’ includes (i) such companies (other than promoters and subsidiaries) with which the issuer company had related party transactions during the period for which financial information is disclosed in the Offer Documents, as covered under the applicable accounting standards, and (ii) any other companies as considered material by the Board of Directors of the issuer.

Accordingly, for (II) (i) above, all such companies (other than Promoters and Subsidiaries) with which there were related party transactions during the period covered in the Restated Consolidated Financial Statements, as covered under the applicable accounting standards, shall be considered as group companies in terms of the SEBI ICDR Regulations.

In addition, for the purposes of (II) (ii) above, a company (other than the companies covered under the schedule of related party transactions as per the Restated Consolidated Financial Statements) shall be considered “material” and will be disclosed as a ‘Group Company’ in the Offer Documents if it is a member of the promoter group of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more transactions with the Company as per the latest fiscal covered in the Restated Consolidated Financial Statements, that individually or cumulatively exceed 5.00% of the total income of our Company for the latest fiscal covered in the Restated Consolidated Financial Statements.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations.

III. Materiality policy for identification of material creditors

In terms of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors (except banks and financial institutions from whom the Company has availed financing facilities):

- (i) based on the policy on materiality adopted by the Board of Directors and as disclosed in the Offer Documents, details of the Company’s creditors, including the consolidated number of creditors and the aggregate amount involved; and
- (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.

For the purposes of identification of material creditors, in terms of point (i) above, creditors to whom the amount due is equal to or in excess of 5% of the trade payables (on a consolidated basis) of our Company as of the end of the latest period covered in the Restated Consolidated Financial Statements.

General

It is clarified that this Policy is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and is not meant to be applied for any other purpose.

This 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 including 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.

All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

The aforesaid policy has been approved by the Board of Directors of the Company in its meeting held on 14th May, 2026.