

P. N. GADGIL & SONS LTD.

POLICY ON MATERIAL LITIGATIONS

A. INTRODUCTION

Securities Exchange Board of India (“SEBI”), vide its notification dated August 14, 2015, notified the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations (Fourth Amendment) Regulations, 2015 (“4th Amendment Regulations”) whereby SEBI modified the disclosure requirements pertaining to litigation involving the issuer company, its directors, its subsidiaries (if any), its promoters and its group companies. Accordingly, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI Regulations”) stands amended to this extent.

B. OBJECTIVE

In view of the 4th Amendment Regulations, the Board of Directors (“Board”) of P. N. Gadgil and Sons Limited (“Company”) has adopted this policy and procedures for determination of Material litigation.

This policy shall be called the ‘**Policy on Identification of Material Litigations**’ (“**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

The policy with respect to the identification of material litigation shall be as follows:

Identification of Material Litigation

In terms of the 4th Amendment Regulations, our 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.

1. For the purposes of determining outstanding material litigation(s) involving our Company in (iv) above, our Board noted that the profit after tax of our Company as per the last audited financial statements, for the entire financial year.

Our Board believes that three per cent (3.00%) of the profit after tax as per the latest restated audited financial statement, for the entire financial year, is the appropriate threshold for determining material litigation and has identified as 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 three per cent (3.00%) of the profit after tax as per the latest restated 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 three per cent (3.00%) of the profit after tax and amount involved in all of such cases taken together exceeds ten per cent (10.00%) 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 in (iv) above, our Board shall consider all outstanding litigation involving each Director and it believes that if any such litigation has an adverse outcome and therefore, would materially and adversely affect the reputation, operations or financial position of our 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.

Consider including this:

(a) All pending litigation involving the Relevant Parties, other than criminal proceedings, tax matters, and statutory or regulatory actions, would be considered 'material' if (i) the potential financial liability or monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 3% of the profit after taxes of the Company as per the restated audited financial statements of the Company for the last full financial year or 1% of the total revenue, whichever is lower, or (ii) in the opinion of the board of directors of the Company, the outcome of any such pending proceedings may have a material impact on the business, operations or prospects or reputation of the Company.

(b) Pre-litigation notices: Further, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum."

E. APPROVAL

This policy has been approved by our Board in its meeting held on 18th April, 2018.

F. 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.