

P. N. GADGIL & SONS LTD.

POLICY ON MATERIAL CREDITORS

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 requirement pertaining to the outstanding dues to creditors. 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 creditors.

This policy shall be called the ‘**Policy on Material Creditors**’ (“**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 CREDITORS

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

Identification of Material Creditors

In terms of the 4th Amendment Regulations, our Company is required to disclose in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus, the details of the outstanding dues to creditors:

- (i) based on the policy on materiality of our Board, complete disclosure for such creditors; and
- (ii) consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved.

Additionally, our Company is required to provide complete details about outstanding dues to creditors as per (i) and (ii) above on the webpage of our Company with a web link thereto in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus. For identification of material creditors, any creditor of the Company shall be considered to be material, if the amount due exceeds ten per cent i.e. 10% of trade payables as per the last audited financial statements of the Company.

For outstanding dues to any party which is a small-scale undertaking (“SSU”) or a micro, small or a medium enterprise (“MSME”), the disclosure will be based on information available with the Company

regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by its statutory auditors. Consolidated information for such identified SSUs, MSMEs and other creditors shall be provided in the Offer Documents and webpage in the following manner:

- a. consolidated amounts due to such entities and
- b. aggregate number of entities.

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.