

APEEJAY SURRENDRA PARK HOTELS LIMITED

MATERIALITY POLICY

Introduction

This document has been formulated to define the materiality policy for identification of (i) outstanding material litigation involving Apeejay Surrendra Park Hotels Limited (the “**Company**”), its Subsidiaries Directors and Promoters, (collectively, the “**Relevant Parties**”); (ii) the Group Companies (as defined in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and (iii) the material creditors of the Company, (together, the “**Policy**”), in terms of the disclosure requirements under Schedule VI of the SEBI ICDR Regulations.

This Policy shall be effective from the date of its approval by the board of directors of the Company (“**Board of Directors**”).

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus, and any addendum or corrigendum thereto to be filed and / or submitted by the Company, in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, West Bengal at Kolkata and the stock exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable. The term “**Restated Financial Statements**” shall mean the restated consolidated financial statements of the Company, as disclosed in the relevant Offer Document, together with the summary statement of 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 identification and disclosure of outstanding material litigation

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

- (i) All criminal proceedings;
- (ii) All actions by statutory and / or regulatory authorities;
- (iii) Taxation proceedings – separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount. In the event any tax matter involves an amount, exceeding the threshold proposed in point B below, in relation to each Relevant Party, individual disclosures of such tax matters will be included.; and
- (iv) Other pending litigations/arbitration proceedings – As per the policy of materiality defined 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: (i) any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges against any of its Promoters in the five financial years preceding the relevant Offer Document, including any outstanding action; and (ii) outstanding litigation involving the Group Companies, which may have a material impact on the Company, as applicable.

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

Following pending litigation proceedings (other than litigations mentioned in point (i) and (ii) above) involving the Relevant Parties shall be considered “material” for the purposes of disclosure in the Offer Documents, where:

- (a) the claim / dispute amount, to the extent quantifiable (individually or in aggregate), exceeds 1% of the profit after tax, derived from the Restated Financial Statements for the most recent completed financial year as per the Restated Financial Statements included in the Offer Documents (“**Materiality Threshold**”) or
- (b) where the monetary impact is not quantifiable or the amount involved may not exceed the Materiality Threshold set out under (a) above, but an outcome in any such litigation could materially and adversely affect the Company’s business, operations, cash flows, performance, prospects, financial position or reputation, in the opinion of the Board.

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- (c) where the decision in one matter is likely to affect the decision in similar matters such that the cumulative amount involved in such matters exceeds the materiality threshold as specified in (a) above, even though the amount involved in an individual matter may not exceed the materiality threshold as specified in (a) above.

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties or Group Companies, from third parties (excluding notices issued by statutory or regulatory authorities including tax authorities, or first information reports (“FIRs”) (including FIRs where no cognizance has been taken by court), police complaints and notices threatening criminal action against the Relevant Parties– which shall be disclosed in the Offer Documents) shall, in any event, not be considered as litigation until such time that the Relevant Party or Group Company, as applicable, are impleaded as party in the litigation proceedings before any judicial forum.

Any pending litigation involving the Group Companies, as identified in accordance with provisions of SEBI ICDR Regulations would be considered to have a ‘material impact’ on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, cash flows, performance, prospects, financial position or reputation of the Company.

II. Materiality policy for Group Companies

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

Accordingly, for (i) above, all such companies (other than corporate promoters and subsidiaries) with which the Company had related party transactions during the period for which financial information is disclosed in the Offer Documents, *i.e.*, the Restated Financial Statements included in the Offer Documents, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

Additionally, for the purposes of (ii) above, a company (other than the companies identified under (i) above) shall be considered “material” and will be disclosed as a ‘Group Company’ in the Offer Documents, if:

- (a) the company is a part of the Promoter Group (as defined in Regulation 2(1)(pp) of the SEBI ICDR Regulations); and
- (b) with which there were transactions during the most recent Financial Year, or the relevant stub period, included in the Restated Financial Statements, which individually or cumulatively in value, exceed 5% of the total restated consolidated revenue of our Company as derived from the Restated Financial Statements.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents and on the Company’s website 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:

- (i) based on the policy on materiality adopted by the board of directors of the Company 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.

Complete details about outstanding over dues to material creditors as per (ii) above, along with the name and amount involved for each such material creditor, shall be disclosed on the webpage of the Company with a web link thereto in the Offer Documents.

For the purposes of identification of material creditors, in terms of point (i) above, a creditor of the Company, shall be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceed 5% of the total consolidated trade payables of the Company excluding provision for liabilities/ expenses derived from the Restated Financial Statements for the latest financial year/period as per the Restated Financial Statements included in the Offer Documents.

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General

It is clarified that the Policy 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.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other regulatory, judicial, quasi-judicial, governmental, administrative or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints.

The 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.

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