OLPAD AQUA LIMITED
(FORMERLY KNOWN AS OLPAD AQUA PRIVATE LIMITED)
CIN: U05005GJ2019PLC109438

POLICY FOR DETERMINATION OF MATERIALITY OF LITIGATIONS AND CREDITORS

1. Preamble and Objective

This Policy for Determination of Materiality of Litigations and Creditors ("Policy") has been framed and adopted by the Board of Directors ("Board") of Olpad Aqua Limited ("Company") for the purpose of determining the materiality thresholds for disclosure of pending litigation(s) and outstanding dues to creditors of the Company, its Directors, and its Promoters (together, the "Relevant Parties" and each a "Relevant Party"), in the offer document(s) to be filed by the Company in connection with its proposed initial public offer of equity shares ("Offer Documents"), in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").

2. Applicability

This Policy applies to the Company, its Directors, its Promoters, its Key Managerial Personnel and its Senior Management, for the purposes of identifying and disclosing material litigation and material creditors in the Offer Documents.

3. Mandatory Disclosures – Litigation

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigation(s) involving the Relevant Parties in the Offer Documents, irrespective of materiality:

(i) All outstanding criminal proceedings (including matters which are at the first information report ("FIR") stage, even if no cognizance has been taken by any court). This includes disclosure of all outstanding criminal proceedings under Section 138 of the Negotiable Instruments Act, 1881, in a consolidated manner giving details of the number of cases and the total amount involved in such cases;

(ii) All outstanding actions (including penalties and show cause notices) by statutory and/or regulatory authorities;

(iii) All outstanding claims related to direct and indirect taxes, in a consolidated manner giving details of the number of cases and the total amount involved in such cases. If a tax matter involves an amount exceeding the Threshold set out in paragraph 4 below, in relation to each Relevant Party, a separate disclosure of such tax matter shall be made; and

(iv) Other pending litigation/arbitration proceedings in accordance with the materiality thresholds set out in this Policy and disclosed in the Offer Documents.

Additionally, all outstanding criminal proceedings (including matters at the FIR stage, whether or not cognizance has been taken by any court) and all outstanding actions by regulatory and statutory authorities, including notices issued by such authorities, involving the Key Managerial Personnel and Senior Management of the Company shall also be disclosed.

Further, in terms of the SEBI ICDR Regulations, the Company is required to disclose: (a) any disciplinary action (including any penalty imposed) by SEBI or any stock exchange against any of the Promoters in the five financial years preceding the date of the relevant Offer Document, including any outstanding action; and (b) outstanding litigation involving any of the Group Companies, which may have a material impact on the Company, as applicable.

4. Materiality Threshold for Civil, Arbitration and Tax Proceedings

For the purposes of determining outstanding material litigation as mentioned in paragraphs 3(iii) and 3(iv) above, any pending civil, arbitration or tax proceeding involving the Relevant Parties shall be considered 'material' for the purposes of disclosure in the Offer Documents, if:

(a) the monetary amount involved in such proceeding exceeds the lower of (i) two percent (2%) of turnover, for the most recent financial year as per the restated financial information; or (ii) two percent (2%) of net worth, as at the end of the most recent financial year as per the restated financial information, except where the arithmetic value of the net worth is negative; or (iii) five percent (5%) of the average of the absolute value of profit or loss after tax of the Company, as per the last three financial years as per the restated financial information included in the Offer Documents ("Threshold"). Accordingly, the aggregate monetary amount of claim by or against the Relevant Parties in any such pending proceeding exceeding the Threshold, as per the restated financial information included in the Offer Documents, shall be considered material; or

(b) it is a pending litigation where the decision in one case is likely to affect the decision in similar cases, such that the cumulative amount involved in such cases exceeds the Threshold, even though the amount involved in an individual litigation may not exceed the Threshold; or

(c) it is an outstanding civil litigation or arbitration proceeding involving the Relevant Parties wherein the monetary liability is not quantifiable, or does not exceed the Threshold, but the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.

5. Litigation involving Group Companies

With respect to outstanding litigation involving the Group Companies, only such outstanding litigation shall be disclosed in the Offer Documents as could have a material impact on the Company in the opinion of the Board. Each Group Company shall identify, in its certificate to the Company, pending litigation involving such Group Company which is considered material by it and which, in its view, may have a material impact on the Company. On receipt of such details from the Group Companies, the Company (acting through its Board or the IPO Committee constituted for the purpose) shall determine which of such identified litigation may have a material impact on the Company.

For the purposes of this paragraph, it is clarified that: (a) first information reports (whether or not cognizance has been taken) initiated against the Group Companies shall also be disclosed in the Offer Documents; and (b) pre-litigation notices received by the Group Companies from third parties (excluding notices issued by statutory, regulatory, governmental or tax authorities, or notices threatening criminal action) shall not be considered litigation until such time as the Relevant Parties are impleaded as defendants/parties in litigation or arbitration proceedings before any judicial or arbitral forum.

6. Identification of Material Creditors

In terms of the SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents in respect of outstanding dues to creditors:

(i) based on the materiality threshold set out in paragraph 7 below, details of the Company's material 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 the number of cases and the amount involved.

Complete details of outstanding dues overdue to material creditors, including the name of each such creditor and the amount due to such creditor (as identified under sub-paragraph (i) above), shall be disclosed on the website of the Company, with the relevant web link included in the Offer Documents, as applicable.

7. Materiality Threshold for Creditors

For the purposes of identification of material creditors under paragraph 6(i) above, a creditor of the Company shall be considered 'material' for the purpose of disclosure in the Offer Documents if the amount due to such creditor by the Company is equal to or in excess of 5% of the outstanding total creditors of the Company as at the end of the most recent period covered in the Restated Financial Information.

For outstanding dues to micro, small and medium enterprises ("MSME") and other creditors, the disclosure shall be based on the information available with the Company regarding the status of the creditors as MSME, as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as relied upon by the statutory auditors of the Company in preparing their audit report.

8. Authority and Implementation

The Chairman and Managing Director of the Company, or the Company Secretary, or such other officer as may be authorised by the Board from time to time, shall be responsible for the implementation of this Policy and for taking all such steps, and doing all such acts, deeds and things, as may be required to give effect to this Policy, including determination of materiality in specific cases in consultation with the Board or the IPO Committee, as applicable.

9. Amendment and Review

This Policy shall be reviewed by the Board as and when required, including on account of any change in applicable law, and may be amended from time to time by way of a resolution passed by the Board. In the event of any conflict between this Policy and applicable law, the applicable law shall prevail.

By order of the Board

FOR OLPAD AQUA LIMITED
(Formerly known as Olpad Aqua Private Limited)

Sd/-

Nurularefin Irfanbhai Malek
Chairman and Managing Director
DIN: 08531979