



**MATERIALITY POLICY**

**[Adopted by the Board on 23/06/2025]**

**HIGHWAY INFRASTRUCTURE LIMITED**

### **Materiality Thresholds**

This policy has been formulated to define the materiality thresholds for: (i) disclosure of litigation involving Highway Infrastructure Limited (the “**Company**”), its subsidiary, its promoters and its directors, as applicable (together with the Company, the “**Relevant Parties**”), and its key managerial personnel and its members of senior management (together, the “**Company Personnel**”); (ii) disclosure of litigation involving the group companies of the Company which have a material impact on the Company; and (iii) determination of material creditors, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”).

#### **A. Litigation involving Relevant Parties and Company Personnel, as applicable**

- (a) All outstanding criminal proceedings involving the Relevant Parties and the Company Personnel must be disclosed (including matters which are at the first information report (“**FIR**”) stage even if no cognizance has been taken by any court);
- (b) All outstanding\* actions by regulatory authorities and statutory authorities involving the Relevant Parties and against the Company Personnel must be disclosed, as well as any disciplinary action including any penalty imposed by the Securities and Exchange Board of India (the “**SEBI**”) or stock exchanges against the promoters in the last five financial years preceding the relevant offer document (including outstanding action);

*\*Note: Unless the relevant authority has closed (in writing) a matter arising from a historical notice, any past notices received will be considered outstanding.*

All outstanding claims related to direct and indirect tax matters involving the Relevant Parties must be disclosed in a consolidated manner, giving details of the number of cases and total amount involved in such cases. If a tax matter involves an amount exceeding the threshold proposed in (i), (ii) and (iii) below in relation to each Relevant Party, a separate disclosure of such tax matter will be included; and

- (c) Details of any other pending litigation (including arbitration or other civil proceedings), involving the Relevant Parties.

For purposes of (d) above, all outstanding litigation or arbitration proceedings (other than litigations covered under (a) to (c) above) involving the Relevant Parties, shall be disclosed, if: the value or expected impact in terms of value by or against the entity or person in any such pending proceeding, exceeds the lower of the following:

- (i) 2% of turnover, as per the latest annual restated consolidated financial information of the Company; or
- (ii) 2% of net worth, as per the latest annual restated consolidated financial information of the Company, except in case the arithmetic value of the net worth is negative; or
- (iii) 5% of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial information of the Company.

For the purpose of clause (iii) above, it is clarified that the average of absolute value of profit or loss after tax is to be calculated by disregarding the ‘sign’ (positive or negative) that denotes such value.

**Note:** Based on the latest annual restated financial consolidated financial information of the Company, (i), (ii) and (iii) above are ₹99.14 million, ₹23.54 million and ₹ 9.60 million, respectively. Therefore, ₹9.60 million has been considered to be the materiality threshold for disclosure in the offer documents. In other words, outstanding proceedings under (d) above shall be deemed to be material if the monetary amount of claim by or against the entity or person in any such pending proceeding is individually equal to or in excess of ₹9.60 million.

- (d) where the monetary liability is not quantifiable or does not exceed the monetary threshold for any other outstanding litigation or arbitration proceedings, but the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Company or where a decision in one case is likely to affect the decision in similar cases even though the amount involved in the individual cases may not exceed the monetary threshold.

Pre-litigation notices received by the Relevant Parties from third parties (excluding notices from governmental, statutory, regulatory, judicial, quasi-judicial or tax authorities or notices threatening criminal action) shall not be evaluated for materiality until such persons are impleaded as defendants or respondents in proceedings before any judicial forum, arbitrator, tribunal or government authority.

Any findings/observations of any inspections by the SEBI or any other regulator involving the Relevant Parties, which are material, and which need to be disclosed, or non-disclosure of which may have bearing on the investment decision in relation to the offer shall be disclosed in the offer documents.

## **B. Litigation involving Group Companies**

In terms of the SEBI ICDR Regulations, the term ‘Group Companies’ includes:

- (a) such companies (other than promoter(s) and subsidiary) with which the issuer company has 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
- (b) any other companies as considered material by the Board under the Policy on Materiality (as defined below).

Accordingly, for (a) above, all such companies (other than the Subsidiary) with which there were related party transactions during the period covered in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies.

For the purposes of point (b) above, the policy on identification of any other ‘material’ companies for consideration as Group Companies (other than those covered under the schedule of related party transactions as per the Restated Consolidated Financial Information), is as set out below.

For the purpose of disclosure in the Offer Documents, all such companies (other than the Subsidiary, and the companies categorized under (a) above) shall be considered ‘material’ and will be disclosed as a Group Company in the Offer Documents if such company is a member of the ‘Promoter Group’ of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and the Company has entered into one or more transactions with such company during the last completed Fiscal or relevant stub period, if applicable, for which Restated Consolidated Financial Information are being included in the Offer Document (“**Test Period**”), which individually or cumulatively in value exceeds 10% of the total restated revenue from operations of the Company for the Test Period shall also be

classified as group companies.

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

## **B. Material Creditors**

In terms of the SEBI ICDR Regulations, the Company is required to make the following disclosures in the offer documents for outstanding dues to creditors:

- (a) based on the policy on materiality adopted by the Board and as disclosed in the offer documents, details of the Company's creditors, including the consolidated number of creditors and the aggregate amount involved;
- (b) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved; and
- (c) a link to the Company's website wherein details pertaining to the outstanding dues to material creditors along with names and amounts involved for each such material creditor.

For the purpose of identifying material creditors for (c), creditors of the Company to whom the amount due by the Company exceeds 5% of the total dues owed to creditors\* of the Company as of the latest date of the restated consolidated financial information will be considered material creditors for disclosure. Further, the disclosure will be based on 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 has been relied upon by the statutory auditors in preparing their audit report.

*\*Note: Creditors refers to sundry creditors, balance dues to other insurance companies, agent balances and dues to holding company.*

### **General Note:**

It is clarified that the Policy is solely for the purpose of disclosure requirements in Offer Documents prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose including for disclosure of material information by listed entities pursuant to the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, post listing of the equity shares.

The Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any other regulatory 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 applicable law from time to time.

All capitalised terms used but not specifically defined in this Policy shall have the same meaning as ascribed to them in the Offer Documents.