



MATERIALITY POLICY

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Issuing Authority	Board of Directors of the Company
Owner of the Document	Company Secretarial Department

Metalman Auto Limited

Corporate Identity Number: U34103DL1986PLC305213

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MATERIALITY POLICY

INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies in respect of Metalman Auto Limited (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of companies to be disclosed as Group Companies in the Offer Documents (as defined below);
- B. Identification of ‘material’ litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of ‘material’ creditors.

APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on August 09, 2024 discussed and approved the Policy. This Policy shall be effective from the date of approval of policy by the Board.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus, including any addenda or corrigenda 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, the Registrar of Companies, Delhi and Haryana at New Delhi and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

A. Identification of companies to be disclosed as group companies in the Offer Documents

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than the subsidiaries and the promoters) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24, and also other companies as considered material by the Board.

The policy on identification of companies to be disclosed as group companies (other than those covered under Ind AS 24), as below, shall be disclosed in the Offer Documents.



Policy on materiality:

For the purpose of disclosure in the Offer Documents, a company will be disclosed as a 'Group Company' in the Offer Documents if:

- (i) The Company has entered into related party transactions with companies (other than the Promoters and Subsidiaries) as described under Ind AS 24 during the periods in respect of which restated consolidated financial statements are being included in the Offer Documents; and
- (ii) any other company as may be identified as material by the Board.

With respect to (ii) above, the following will be considered material: such companies that are a part of the Promoter Group (other than the Subsidiaries) and have entered into one or more transactions with the Company during the most recent financial year and stub period, if any, as per the restated consolidated financial statements of the Company disclosed in the Offer Documents, which individually or in the aggregate, exceed 10% of the total consolidated income of the Company as per the restated consolidated financial statements of the Company for such period.

B. Identification of 'material' litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Company, its Directors, Promoters and Subsidiaries (collectively "Relevant Parties"):

- (i) All outstanding criminal proceedings;
- (ii) All outstanding actions by regulatory authorities and statutory authorities;
- (iii) Disciplinary actions including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action;
- (iv) Outstanding claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (v) Other pending litigations as per the policy of materiality defined by the Board and disclosed in the Offer Documents.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact on the Company.



Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, any other pending litigation involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) ***Monetary threshold:*** the aggregate monetary amount of claim by or against the Relevant Parties in any such pending proceeding is in excess of 1% of profit after tax of the Company on a consolidated basis, as per the last full year restated consolidated financial statements included in the Offer Documents; or
- (ii) ***Subjective threshold:*** such pending matters which are not quantifiable or do not exceed the monetary threshold, involving the Relevant Parties, whose outcome, in the opinion of the Board, would materially and adversely affect the Company's business, prospects, performance, operations, financial position, reputation or cash flows or such pending matters 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 monetary threshold, even though the amount involved in an individual pending matter may not exceed the monetary threshold.

It is clarified that for the purpose of this Policy, (a) first information reports (whether cognizance has been taken by a court/other judicial authority or not) initiated against the Relevant Parties shall also be disclosed in the Offer Documents; and (b) pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by governmental, statutory, regulatory, judicial or taxation authorities) shall, in any event, not be considered as litigation until such time that Relevant Parties are impleaded as defendants in litigation proceedings before any judicial/arbitral forum.

C. Identification of 'material' creditors

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents and on the website of the Company for outstanding dues to creditors as follows:

- (i) Based on the policy on materiality defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;
- (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 will be disclosed in the Offer Documents; and
- (iii) Complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a web link thereto in the Offer Documents.



Policy on materiality:

For identification of material creditors, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor exceeds 5% of the restated consolidated total trade payables of the Company as of the end of the latest financial period covered in the restated consolidated financial statements disclosed in the Offer Documents.

GENERAL

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

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such 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.

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.