



JAYTEE ALLOYS & COMPONENTS LIMITED

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**POLICY ON IDENTIFICATION OF
MATERIAL CREDITORS, MATERIAL
LITIGATIONS & GROUP
COMPANIES/ENTITIES**

A. INTRODUCTION

This Policy has been formulated to define the respective materiality of **Jaytee Alloys & Components Limited** (the "**Company**"), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (as may be amended from time to time) ("**SEBI ICDR Regulations**"), in respect of following:

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

B. APPLICABILITY AND OBJECTIVE

This policy shall be called the 'Policy on Identification of Material Creditors, Material Litigations & Group Companies/Entities' ("**Materiality Policy**").

The Board of Directors of the Company ("**Board**") at their meeting held on 28th January 2025 discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of this Materiality Policy by the Board.

In this Materiality Policy, the term "**Issue Documents**" shall mean the Draft Prospectus, red herring prospectus and the Prospectus, and 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, Registrar of Companies, Kanpur ("**RoC**") and/or stock exchange where the equity shares of the Company are proposed to be listed, as applicable.

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

C. POLICY PERTAINING TO THE IDENTIFICATION OF MATERIAL CREDITORS, MATERIAL LITIGATIONS & GROUP COMPANIES/ENTITIES

The Materiality Policy with respect to the identification of the material creditors and material litigation shall be as follows:

Identification of Material Creditors

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Issue Documents for outstanding dues to creditors:

- (i) Based on the policy on materiality defined by the Board of Directors of the Company and as disclosed in the Issue Document, disclosure for such creditors which include the consolidated number of creditors and the aggregate amount involved;
- (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; and

- (iii) Complete details about outstanding over 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 Issue Documents.

Policy on materiality:

For identification of material creditors, in terms of point (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Issue Documents, if amounts due to such creditors exceed 5% of the total trade payables of the Company as per the latest restated financial statements of the Company, as disclosed in the Issue Documents.

Disclosures in the Issue Documents regarding material creditors

- (i) For creditors identified as ‘material’ based on the abovementioned Policy, information on outstanding dues to such material creditors shall be disclosed in the Issue Documents along with the details of the material creditors, which include the consolidated number of creditors and amount involved on an aggregate basis, as of the date of the latest restated financial statements included in the Issue Documents.
- (ii) For outstanding dues to micro, small and medium enterprises (“MSMEs”), the disclosure will be based on information available with the Company regarding the status of the creditors as MSMEs 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. Information for such identified MSMEs creditors shall be provided in the Issue Documents in the following manner:
- aggregate amounts due to such MSME creditors; and
 - aggregate number of such MSME creditors. as of the date of the latest restated financial statements included in the Issue Document.
- (iii) Complete details about outstanding over dues to the material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of our Company with a web link in the Issue Documents.

The Company shall make relevant disclosures before the Audit Committee/ Board of Directors as required by applicable law from time to time.

Identification of Material Litigation

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose pending litigation involving the Company, its material subsidiaries, Promoters, Directors (collectively, “Relevant Parties”):

- (i) All criminal proceedings;
- (ii) All actions by regulatory authorities and statutory authorities including notices issued by such authorities;

- (iii) Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount;
- (iv) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action; and
- (v) Other material pending litigations - as per policy of materiality defined by the Board and disclosed in the Issue Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose any outstanding litigation involving the Group Companies, which may have a material impact on the Company. For the purposes of determining the outstanding litigation involving the Group Companies, which may have a material impact on the Company, the criteria specified under "*Policy on materiality*" herein below shall apply.

Policy on materiality:

For the purpose of point number (v) above, any other pending litigation involving the Company, Subsidiaries, Promoters and its Directors and shall be considered "material" for the purpose of disclosure in the Issue Documents if:-

- (i) the monetary amount of the claim/dispute made by or against the Relevant Parties in any such pending litigation/ *arbitration proceeding, to the extent quantifiable*, is equal to or in excess of 2% of the Profit After Tax of the Company as per the last restated financial statements of the Company for a complete financial year, as included in the Issue Documents; or
- (ii) where monetary liability is not quantifiable or does not exceed the threshold mentioned in point (i) above, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, financial position or reputation of the Company.

D. IDENTIFICATION OF 'MATERIAL' GROUP COMPANIES & ENTITIES

Requirement:

The SEBI ICDR Regulations define "Group Companies" as "*such companies (other than promoter(s) and subsidiary(ies)) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer*".

Therefore, as per the requirements of the SEBI ICDR Regulations, group companies/entities shall include:

- (i) Companies/entities with which there were related party transactions, during the period for which financial information is disclosed in the Issue Document (s) (the "**Relevant Period**"), as covered under Accounting Standard (AS) 18 (collectively, "**Accounting Standards**"); and
- (ii) Companies/entities as considered material by the Board under the Policy on Materiality (as defined below).

Policy on Materiality:

With respect to point (ii), for the purpose of disclosure in the Issue Document (s), a company or entity shall be considered material and shall be disclosed as a 'Group Company' or 'Group Entity' in the Issue Documents, if such company or entity (a) is a member of the promoter group of the Company (as defined in the Regulation 2 (1) (pp) of the SEBI ICDR Regulations); and (b) with which there were transactions in the most recent financial year and stub period, if any, in respect of which Restated Financial Statement included in the issue Document, which individually or in the aggregate, exceed 10% of the total restated revenue from operations of the Company, shall also be classified as group companies or group entities.

E. AMENDMENT

The Executive Chairman of the Company in consultation with the Board of Directors shall have the power to amend any of the provisions of this Materiality Policy, substitute any of the provisions with a new provision or replace this Materiality Policy entirely with a new Policy.

This policy shall be subject to review/changes as may be deemed necessary by Board/IPO committee and in accordance with regulatory amendments from time to time. This policy shall be without prejudice to any additional disclosure requirement which may be prescribed by SEBI or the Stock Exchanges, including through any observations on the Issue Documents.