

MATERIALITY POLICY

aarvee engineering consultants limited

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MATERIALITY POLICY

This document sets out the materiality policy in connection with the identification of:

(i) outstanding material litigation involving Aarvee Engineering Consultants Limited (**Company**), its Directors, its Subsidiaries, and its Promoters;

(ii) its Group Company(ies)

(iii) the material creditors of the Company (collectively, the **Materiality Policy**), each in terms of the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (**SEBI ICDR Regulations**).

The Board of Directors of the Company (**Board**) at their meeting held on 04th September, 2025 discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of the Materiality Policy by the Board.

I. Materiality policy for outstanding material litigation

In terms of SEBI ICDR Regulations, the Company is required to disclose the following pending litigation involving itself, its Directors, its Promoters, its Subsidiaries, its Key Managerial Personnel and members of the Senior Management in the Offer Documents. Accordingly, the details below shall be disclosed for litigation involving the Company, its Directors, its Promoters and its Subsidiaries:

- a. All outstanding criminal proceedings (including first information reports irrespective of any cognizance taken by any court or not) involving the Company, its Directors, its Promoters, its Subsidiaries, its Key Managerial Personnel and members of Senior Management;
- b. All outstanding actions by statutory and/ or regulatory authorities (including any findings/observations of any of the inspections by SEBI or any other regulatory authority or penalties show cause notices) involving the Company, its Directors, its Promoters, its Subsidiaries, its Key Managerial Personnel and members of Senior Management;
- c. Outstanding 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 matters involve an amount exceeding the threshold proposed in (i) below, in relation to the Company, Promoters, Directors or the Subsidiaries, individual disclosures of such tax matters will be included; and
- d. Other pending litigations/arbitration proceedings (including show cause notices) involving the Company, its Directors, its Promoters and its Subsidiaries - As per the policy of materiality defined by the Board 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 any penalty) imposed by SEBI or any of the stock exchanges against any of the Promoters in the 5 financial years preceding the date of the relevant Offer Document as well as in current year in which the relevant Offer Document is getting filed, including any outstanding action; and
- (ii) outstanding litigation (including first information reports irrespective of any cognizance taken by any court or not) involving the Group Company(ies), which may have a material impact on the Company, as applicable.

For purposes of (d) above, all outstanding litigation/ arbitration proceedings (other than those covered under (a) - (c) above) involving the Company, its Directors, its Promoters and its Subsidiaries shall be considered “material” and disclosed in the Offer Documents:

- (i) Monetary threshold: if the aggregate monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds (a) 2% of the turnover of our Company as per the last Restated Consolidated Financial Information of our Company for the last completed financial year disclosed in the Offer Documents; or (ii) 2% of net worth of our Company as per the last Restated Consolidated Financial Information of our Company for the last completed financial year disclosed in the Offer Documents (except in case the arithmetic value of the net worth is negative); or (iii) 5% of the average absolute value of profit or loss after tax of our Company as per the last three Restated Consolidated Financial Information of our Company, whichever is lower; or
- (ii) Subjective threshold: where monetary liability is not determinable or quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold specified in (i) above, but the outcome of any such pending proceeding may have a material adverse effect on the financial position, business, operations, performance, prospects or reputation of the Company on a standalone or consolidated basis, in the opinion of the Board; or
- (iii) Additional threshold: litigations where the decision in one litigation is likely to affect the decision in similar litigations, and the aggregate monetary claim amount in all such litigation / arbitration proceedings is equal to or in excess of threshold set forth above even though the amount involved in an individual litigation may not exceed the materiality threshold set forth in (i) above

Materiality criteria for the Group Companies

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation (including first information reports irrespective of any cognizance taken by any court or not) involving its Group Company(ies) which has a material impact (as determined by the Board) on the Company.



With respect to cases under Section 138 of the Negotiable Instruments Act, 1881, which are in the ordinary course of the business, the aggregate number of cases and the aggregate amount involved in such proceedings shall be disclosed in a generic manner without providing specific details of each of the matter.

I. Materiality policy for group companies

In terms of the SEBI ICDR Regulations, the term 'group companies' includes:

- a. Such companies (other than promoters and subsidiaries) with which the relevant issuer company had related party transactions, during the period for which financial information is disclosed in the relevant Offer Documents, as covered under the applicable accounting standards; and
- b. Any other companies considered material by the Board.

Accordingly, for I(a) above, all such companies (other than the promoters and subsidiaries) with which there were related party transactions during the periods covered in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

For paragraph I(b) above, the Company does not consider any company as a group company._

Further in relation to I(b) above, other than the companies categorized under I(a) above, a company shall be considered "material" and will be disclosed as a "group company" if such company forms part of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and with which the Company has had one or more transactions in the most recent financial year or the relevant stub period, as applicable, which individually or in the aggregate, exceed 10% of the revenue from operations of the Company, as per the Restated Consolidated Information.

II. Materiality policy for material creditors

In terms of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors and micro, small and medium enterprises (except banks and financial institutions from whom the Company has availed financing facilities):

- 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. 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.

For the purposes of identification of material creditors, in terms of point II(a) above, a creditor of the Company, shall be "material" for the purpose of disclosure in the Offer Documents, if amounts due to such creditor is equal to or in excess of 5% of the consolidated total trade payables of the Company as at the end of the latest financial period covered in the Restated Consolidated Financial Information of the Company to be included in the Offer Documents



General

It is clarified that the Materiality 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Materiality 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 Materiality Policy shall be subject to review and/ or changes as may be deemed necessary and in accordance with applicable law from time to time.

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

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