



MATERIALITY POLICY

Latest amended & adopted on July 2, 2025

ALLIED ENGINEERING WORKS LIMITED

Registered office: M-11, Badli Industrial Estate, Delhi 110042

CIN: U31900DL2011PLC220430

Telephone No.: 011-470-82775

Email: compliance@aewinfra.com

Website: www.aewinfra.com

Materiality policy

This policy has been formulated to define the materiality thresholds for: (i) identification of outstanding litigation involving Allied Engineering Works Limited (the “**Company**”), its subsidiary, its promoters and its directors (the “**Relevant Parties**”), group companies and key managerial personnel and senior management; (ii) identification of companies to be disclosed as group companies of 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**”).

The board of directors of the Company (“**Board**”) at their meeting held on July 2, 2025, discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board.

In this policy, the terms “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, and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

I. Litigation materiality policy

A. Litigation involving Relevant Parties

- (a) All outstanding criminal proceedings (including matters which are at the FIR stage even if no cognizance has been taken by any court);
- (b) All outstanding* actions (*including show cause notices*) by regulatory authorities and statutory authorities, as well as any disciplinary action including any penalty imposed by 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.*

- (c) All outstanding claims related to direct and indirect tax matters involving all Relevant Parties in a consolidated manner, giving the number of cases and total amount involved. In the event any tax claim in relation to any Relevant Party involves an amount exceeding the threshold proposed in the point (d) below, individual disclosures of such tax claims will be included; and
- (d) Details of any other pending litigation (including arbitration or other civil proceedings), involving the Relevant Parties which are determined to be material as per the policy defined by the board of directors of the Company.

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, where the value or expected impact in terms of value, exceeds the lower of the following:

- (i) two percent of turnover, as per the latest annual restated consolidated financial statements included in the offer documents of the Company;
 - (ii) two percent of net worth, as per the latest annual restated consolidated financial statements included in the offer documents of the Company, except in case the arithmetic value of the net worth is negative; or
 - (iii) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements included in the offer documents of the Company.
- (e) where the value or expected impact in terms of value is not quantifiable or is lower than the threshold specified in (d) above, for any other outstanding litigation or arbitration proceedings or any proceedings under the Insolvency and Bankruptcy Code, 2016, as amended, 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 value or expected impact in terms of value in the individual cases may not exceed the materiality 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 unless otherwise decided by our Board, be evaluated for materiality until such persons are impleaded as defendants or respondents in proceedings before any judicial forum, arbitrator, tribunal or governmental authority.

B. Litigation in relation to the Key Managerial Personnel and Senior Management

In terms of the SEBI ICDR Regulations, the Company is required to disclose all criminal proceedings involving key managerial personnel and senior management and also the actions by regulatory authorities and statutory authorities against such key managerial personnel and senior management in the Offer Documents.

C. Litigation involving Group Companies

Under the SEBI ICDR Regulations, any litigation involving the group companies is required to be disclosed if it has a material impact on the Company. All Group Companies will identify pending litigation (in the certificates to be issued by them) involving such companies which are considered material by the respective Group Company and which, in their view may have a material impact on the Company. Accordingly, based on the review of the certificates provided by the Group Companies, the Board/IPO Committee shall consider such outstanding litigation involving the Group Companies as material, which are material from the perspective of Company's business, operations, financial results, prospects or reputation irrespective of the value or expected impact in terms of value in such litigation. Having received details of such litigation from the Group Companies, the Company (acting through its Board/ IPO Committee) will determine which of such identified litigation may have a material impact on the Company.

II. Identification of material companies to be disclosed as group companies of the Company

Under the SEBI ICDR Regulations, the following companies shall be considered as group companies of the Company ("**Group Companies**") (i) such companies (other than the promoters and subsidiaries of the Company) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Documents, as covered under the applicable accounting standards; and (ii) any other companies as may be considered 'material' by our Board.

For the purpose of disclosure in the Offer Documents, the following shall be considered as 'Group Companies' of the Company:

- (i) such companies (other than the corporate promoter and subsidiaries of the Company) with which there were related party transactions, during the period for which the restated financial information is disclosed in the Offer Documents, as covered under Ind AS 24.
- (ii) It is further clarified that, for the purposes of (i) above, a company which was a subsidiary for any of the relevant periods included in the restated financial information but has ceased to be a subsidiary of the Company in any of the subsequent relevant periods or after any of the relevant periods included in the restated financial information, shall be considered as a group company of the Company if there were related party transactions with such company during the period for which restated financial information is disclosed in the Offer Documents, as covered under applicable accounting standards.
- (iii) In relation to (ii) above, companies (other than the corporate promoter and subsidiaries) forming part of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which the Company has had one or more transactions in the last completed financial year or the relevant stub period, as applicable, the value of which individually or in the aggregate, exceeds 10% of the total restated revenue from operations of the Company (on a consolidated basis) in the last completed financial year or the relevant stub period, as the case may be, as per the restated financial information included in the Offer Documents.

III. 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 of Directors 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 (MSME) 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 over 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 consolidated trade payables of the Company as on the end of the latest financial period/year disclosed in the Offer Documents 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.

General Notes:

1. The above-mentioned policies are solely for the purpose of disclosure requirements under the SEBI ICDR Regulations for offer documents and should not be applied for any other purpose, in particular, disclosures that are required to be made by listed companies or as may be prescribed by SEBI or any other regulatory or statutory authority.
2. The absolute values of the thresholds mentioned above will be determined once the restated consolidated financial statements are made available.
3. This policy shall be subject to review/changes as may be deemed necessary by the 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 Offer Documents.