

P S RAJ STEELS LIMITED
(FORMERLY KNOWN AS P S RAJ STEELS PRIVATE LIMITED)

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

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

INTRODUCTION:

This policy (“**Policy**”) has been formulated to set out the thresholds of materiality of **P S Raj Steels Limited** (“**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:

- Identification of ‘material’ companies to be disclosed as Group Companies/Group Entities;
- Identification of ‘material’ litigation (excluding disciplinary actions against the Promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- Identification of ‘material’ creditors.

APPLICABILITY AND OBJECTIVE:

This policy shall be called the ‘**Policy on Identification of Group Companies/ Group Entities, Material Creditors and Material Litigations**’ (“**Materiality Policy**”)

The board of directors of the Company (“**Board**”) has discussed and approved this Materiality Policy on their Board Meeting held on 2nd September, 2024.

The Company has adopted this Materiality Policy for identification of: (i) Group Companies/ Group Entities; (ii) material creditors; and (ii) material litigations pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the offer documents.

In this Materiality Policy, the term “Offer Documents” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus to be filed 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, Delhi and Haryana and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

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

In this Materiality Policy, unless the context otherwise requires:

- a. Words denoting the singular shall include the plural and vice versa; and
- b. References to the words “include” or “including” shall be construed without limitation.

POLICY PERTAINING TO THE IDENTIFICATION OF GROUP COMPANIES/ENTITIES, MATERIAL CREDITOR AND MATERIAL LITIGATIONS

The Materiality Policy with respect to the identification of the group companies/ Entities, material creditors and material litigation shall be as follows:

❖ IDENTIFICATION OF GROUP COMPANIES/ ENTITIES:

REQUIREMENT:

As per Regulation 2 (1) (t) of the SEBI ICDR Regulations, Group Companies shall include “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”.

POLICY ON MATERIALITY:

For the purpose of disclosure in the Offer Documents, a company shall be considered material and disclosed as a Group Company/ Entities if:

- a. such Companies/ Entities (other than the subsidiaries, (direct or indirect/step down subsidiary(ies) with which the Company had entered into related party transactions, during the period for which restated financial statements is disclosed in the Offer Documents;
- b. companies forming part of the Promoter Group with whom the Company has entered into related party transactions during the last completed financial year which cumulatively exceeds 10% of the total revenue of our Company for the last completed financial year as per the Restated Financial Information
- c. Such other companies/ Entities as considered material by the Board of Directors of the Company as decided by the BOD at their Board Meeting held on 2nd September, 2024.

With respect to point (a), based on the restated audited financial statements of the Company for Fiscals 2024, 2023, 2022 below entities are identified as Group Entities:

Disclosure of Group Companies/Entity:

1. Sheela Stainless Private Limited;
2. Steelmint Industries Private Limited;
3. RS Infra (Firm);
4. GV Stainless LLP (LLP)
5. Raj Kumar HUF
6. Deepak Kumar HUF
7. Gaurav Gupta HUF
8. Vishal HUF

❖ **IDENTIFICATION OF MATERIAL:**

POLICY ON MATERIALITY:

For identification of material creditors (except banks and financial institutions from whom the Company has availed financing facilities), in terms of point (i) above, creditors of Company to whom an amount exceeding Rs. 100.00 lakhs would be considered as 'material creditors'.

Disclosure in the Offer Documents regarding material creditors and MSMEs

a. There is no material creditors exist as on March 31, 2024 and hence no such disclosure of material creditors would be required to disclose in Draft Red Herring Prospectus.

b. 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 Offer Documents in the following manner:

- I. aggregate amounts due to such MSME creditors; and
- II. aggregate number of such MSME creditors

The Company shall make relevant disclosures before the Board as required by applicable law from time to time.

❖ **IDENTIFICATION OF MATERIAL LITIGATIONS (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, its Promoters and its Subsidiaries (collectively, "**Relevant Parties**"):

- 1) All criminal proceedings if any;
- 2) All actions by regulatory authorities and statutory authorities if any;
- 3) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action if any;
- 4) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount if any;
- 5) Other pending civil litigations - as per policy of materiality defined by the Board on their Board Meeting held on 2nd September, 2024.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such

outstanding litigation involving the group companies/Entities which has a material impact (as determined by the Board) on the Company.

POLICY ON MATERIALITY:

For the purpose of point no. (5) above, any other pending civil litigation or arbitration involving the Company, its Promoters, its directors and Group Entities (“**Relevant Parties**”) shall be considered “material” for the purpose of disclosure in the Offer Documents if:

1. Any pending/outstanding litigation involving the Relevant Parties which exceeds the amount which is 1% of the profit after tax, as per the Restated Standalone Financial Statements for the Financial Year 2023-24 would be considered material;

Further the following types of litigations involving the Relevant Parties have been considered as ‘material’, and accordingly disclosed in this Draft Red Herring Prospectus, as applicable:

- a) pending civil litigations involving the Relevant Parties which involve an amount of or equal to more than the monetary amount of ₹ 1.00 lakh; or
- b) other than the litigations covered in (a) above, pending litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed ₹ 1.00 lakh; or
- c) where the monetary liability in the pending civil litigations is not quantifiable or doesn’t meet the monetary threshold as provided in (a) above, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company.

Pre-litigation notices received by the Relevant Parties from third parties (excluding governmental, statutory or regulatory authorities or notices threatening criminal action) shall, in any event, not be considered as litigation until such time that Relevant Parties are impleaded in proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the offer documents or by SEBI and/or such other applicable 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. In this regard, it is clarified that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the offer documents and should not be applied towards any other purpose.

AMENDMENT

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