

Standard Glass Lining Technology Limited

POLICY ON MATERIALITY

Disclosure requirements under Schedule VI of the Securities and Exchange Board of India
(Issue of Capital and Disclosure Requirements) Regulations, 2018

POLICY ON MATERIALITY POLICY

I. INTRODUCTION

This policy (the “**Policy**”) has been formulated to define certain materiality thresholds in connection with the proposed initial public offering of the equity shares of Standard Glass Lining Technology 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 (the “**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of material companies to be disclosed as group companies;
- B. Identification of material litigation (excluding outstanding criminal proceedings, outstanding regulatory and statutory authorities, disciplinary actions including penalty imposed by SEBI or Stock Exchanges against the promoter in the last five financial years preceding the date of the relevant Offer Document including outstanding actions and outstanding taxation matters) involving the Company, its directors, its promoter, its subsidiaries and its group company, as applicable; and
- C. Identification of material outstanding dues to creditors.

II. APPLICABILITY

The board of directors of the Company (the “**Board**”) at their meeting held on July 19, 2024 discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the updated draft red herring prospectus, the red herring prospectus, 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 (“**SEBI**”), Registrar of Companies, Hyderabad at Telangana (the “**RoC**”) and/or stock exchanges where the equity shares of the Company are proposed to be listed (the “**Stock Exchanges**”), and any other regulatory authorities, as applicable.

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

A. Identification of material companies to be disclosed as group companies

Requirement:

The SEBI ICDR Regulations define “group companies” as “*such companies (other than promoter(s) and subsidiary/ subsidiaries) 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’ shall include companies (other than the promoter and subsidiaries):

- a. the companies with which there were related party transactions as per the Restated Consolidated Financial Information during any of period in respect of which the Restated Consolidated Financial Information are included in the Offer Documents;

- b. companies forming part of our Promoter Group with whom the Company has entered into related party transactions during the last completed Fiscal which cumulatively exceeds 10% of the total revenue of our Company for the last completed Fiscal as per the Restated Consolidated Financial Information.

Policy on materiality:

With respect to point (b) above, for the purpose of disclosure in the Offer Documents, a company (other than the companies covered under the schedule of related party transactions) shall be considered “material” and will be disclosed as a ‘Group Company’ in the Offer Documents if it is a part of the promoter group (in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations) with which there were one or more transactions during the most recent completed financial year in the Restated Consolidated Financial Information of the Company included in the Offer Documents, which individually or in the aggregate, exceed 10% of the total restated revenues of the Company as per the Restated Consolidated Financial Information of the Company for the most recent completed financial year included in the Offer Documents.

Information about group companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with the SEBI ICDR Regulations.

B. Identification of material litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Company, its directors, its subsidiaries and its promoter, as applicable (collectively the “**Relevant Parties**”) in the Offer Documents:

- a) criminal proceedings (including any notices received for such criminal proceedings or matters which are at first information report (“**FIR**”) stage, whether cognizance has been taken or not);
- b) outstanding actions (including all outstanding penalties and show cause notices) taken by regulatory and statutory authorities the non-disclosure of which may have bearing on the investment decision in the Offer;
- c) disciplinary actions including penalty imposed by SEBI or stock exchanges against the promoter in the last five financial years preceding the date of the relevant Offer Document, including outstanding action;
- d) all outstanding claims related to direct and indirect tax matters to be disclosed in a consolidated manner, giving the number of cases and the total amount (in the event any tax matters involve an amount exceeding the Litigation Materiality Threshold (defined below), in relation to the Relevant Parties, individual disclosures of such tax matters will be included); and
- e) details of any other pending litigation or arbitration proceedings (other than proceedings covered under (a) to (d) above), which are determined to be material by the Board.

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

Policy on materiality:

Other than the litigations mentioned in points (a) to (d) above, for the purpose of point (e) above, any pending litigation or arbitration proceedings involving the Relevant Parties would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

- (i) the monetary amount of the claim/ dispute amount/ liability by or against the Relevant Party in any such proceeding is equal to or in excess of 1% of the profit after tax of our Company as per the most recently completed financial year as per the Restated Consolidated Financial Information (the “**Litigation Materiality Threshold**”). The restated profit after tax of our Company for Fiscal 2024 is ₹ 600.11 million, and accordingly, all litigation involving the

Relevant Parties, in which the amount involved is equal to or exceeds ₹ 6.00 million have been considered as material, if any;

- (ii) the monetary liability in any proceeding is not quantifiable, or the amount involved does not cross the Litigation Materiality Threshold, but the outcome of any such proceeding (including any proceedings relating to infringement of trademark or intellectual property) may have a material adverse bearing on the business, operations, performance, prospects, or reputation of our Company, or our Subsidiaries, on a consolidated basis; or
- (iii) the decision in one litigation is likely to affect the decision in similar cases such that the cumulative amount involved in such cases exceeds the Litigation Materiality Threshold, even though the amount involved in an individual case may not exceed the Litigation Materiality Threshold.

The group company shall identify pending litigation which are considered material by the respective group company. The board of directors of the Company will determine which of these identified litigation matters may have a material impact on the Company.

It is clarified that for the purpose of this Policy, pre-litigation notices (excluding show cause notices) received by the Relevant Parties and group company from third parties (excluding governmental/statutory/regulatory/ judicial/taxation authorities or notices threatening criminal action) shall, in any event, not be considered as litigation until such time that the Relevant Parties or group company are impleaded as defendants or respondents 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.

C. Identification of material outstanding dues to creditors

Requirement:

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

- a) based on the Policy 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;
- b) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of creditors and amount involved will be disclosed in the Offer Documents; 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.

Policy on materiality:

For the purpose of identification of material creditors for disclosure in the Offer Documents in terms of point (a) above, a creditor of the Company to whom an amount having a monetary value which exceeds 5.00% of the total trade payables of our Company as of the end of the latest period included in the Restated Consolidated Financial Information, shall be considered 'material'.

III. GENERAL

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

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013, as amended, 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 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.

For Standard Glass Lining Technology Limited

Sd/-
Nageswara Rao Kandula
Managing Director
DIN:00762497

Date: July 19, 2024
Place: Hyderabad