

MATERIALITY POLICY

FOR KAY JAY FORGINGS LIMITED

CIN: U74899DL1983PLC029298

Registered Office: A-8, Maya Puri Industrial Area Phase-1, New Delhi- 110064, Delhi, India.

KAY JAY FORGINGS LIMITED

MATERIALITY POLICY

INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies in respect of Kay Jay Forgings 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, (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of companies to be disclosed as Group Companies in the Offer Documents (as defined below);
- B. Identification and disclosure of legal proceedings involving the Company its promoters and directors (“**Relevant Parties**”), key managerial personnel, senior management and group companies, including ‘material’ litigation involving Relevant Parties (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of ‘material’ creditors of the Company.

APPLICABILITY

The Board of Directors of the Company (“**Board**”) at their meeting held on March 5, 2026 discussed and approved this Policy. This Policy shall be effective from the date of approval of the policy by the Board.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus and any addendum or corrigendum 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**”), the Registrar of Companies, National Capital Territory of Delhi-I at South Delhi (“**RoC**”) and/or the stock exchanges where the equity shares of the Company are proposed to be listed and any other regulatory authorities, as applicable and the term “**Restated Financial Information**” shall mean the restated financial information of the Company, as disclosed in the Offer Documents, comprising of the restated balance sheet as at and for the six months period ended September 30, 2025 and the financial year ended March 31, 2025, March 31, 2024 and March 31, 2023, the restated statement of profit and loss, the restated statement of cash flows and the restated statement of changes in equity for the six months period ended September 30, 2025 and the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023 and the notes to restated financial statements as approved by the Board of Directors and the significant accounting policies and other explanatory information thereon derived from the relevant audited financial statements, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (read with the Companies (Indian Accounting Standards) Rules, 2015, as amended) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

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

A. DISCLAIMER

This 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.

A. Identification of companies to be disclosed as group companies in the Offer Documents

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than the subsidiaries and the promoters) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24, and also other companies as considered material by the Board.

The policy on identification of companies to be disclosed as group companies (other than those covered under Ind AS 24), as below, shall be disclosed in the Offer Documents.

Policy on materiality:

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

- (i) The Company has entered into related party transactions with companies (other than the promoters and subsidiaries) as described under Ind AS 24 with such company during any of the financial periods being included in the Offer Documents;
- (ii) A company (other than subsidiaries and companies categorized under (i) above) shall be disclosed as a group company in the Offer Documents if : (i) such company is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and (ii) the Company has entered into one or more transactions with such company during the most recent financial year and stub period, if any, in respect of which Restated Financial Statements are included in the Offer Documents, which cumulatively exceeds 10% of the total turnover of the Company for the last fiscal year and the stub period, as applicable derived from the Restated Financial Statements and/ or the relevant stub period as disclosed in the Offer Documents; and
- (iii) any other company as may be identified as material by the Board.

B. Identification and disclosure of legal proceedings involving the Relevant Parties, key managerial personnel, senior management and group companies, including 'material' litigation involving the Relevant Parties (excluding disciplinary actions, 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 **Relevant Parties**:

- (i) All criminal proceedings, including matters which are at first information report ("FIR") stage where no/some cognizance has been taken by any court;
- (ii) All actions by regulatory authorities and statutory authorities, including notices by such authorities and any findings/observations of any of the inspections by SEBI or any other regulatory authority and all penalties and show cause;
- (iii) Disciplinary actions including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years preceding the date of the relevant Offer Document including outstanding action;

- (iv) Outstanding claims and proceedings related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (v) Other pending litigations (including civil litigation or arbitration proceedings) involving the Relevant Parties, based on lower of the threshold criteria mentioned below-
 - a. determined to be material as per the policy of materiality defined by the Board and disclosed in the Offer Documents; or
 - b. litigation 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 Financial Statements of the Company; or
 - ii. two percent of net worth, as per the latest annual Restated Financial Statements 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 Financial Statements of the Company.

Accordingly, we note that 5% of the average of absolute value of profit or loss after tax for the last three fiscals amounts to ₹ 11.16 million, 2% of the net worth for the financial year ended March 31, 2025 amounts to ₹ 32.57 million and 2% of the turnover for financial year ended March 31, 2025 amounts to ₹ 150.09 million. For determining the materiality threshold, we will rely on the lower amount of the above threshold i.e. ₹ 11.16 million.

Additionally, all outstanding criminal proceedings, including such matters which are at the FIR stage even if no/ some cognizance has been taken by any court or any other judicial authority and all actions (including all penalties and show cause notices) by regulatory and statutory authorities including notices by such authorities involving the key managerial personnel and senior management.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact on the Company. Any pending litigation involving the group companies, as identified in accordance with provisions of SEBI ICDR Regulations would be considered to have a 'material impact' on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, cash flows, performance, prospects, financial position or reputation of the Company, irrespective of the amount involved in such litigation.

Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, any other pending litigation including arbitration proceedings, as mentioned in point (v), involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- a) the aggregate monetary amount of claim/ amount in dispute/ liability involved, whether by or against the Relevant Parties in any such pending proceeding is individually is equivalent to or above of the following (a) 2.00% of the turnover, as per the latest annual Restated Financial Statements of the Company; or (b) 2.00% of the net worth, as per the latest annual Restated Financial Statements of the Company, except in case the arithmetic value of the net worth is negative; or (c) 5.00% of the average of the absolute value of the profit or loss after tax, as per the last three Restated Financial Statements of the Company, whichever is lower ("**Monetary Threshold**");
- b) *Subjective threshold*: such pending matters which are not quantifiable or do not exceed the Monetary Threshold, involving the Relevant Parties, whose outcome, in the opinion of the Board, would materially and adversely affect the Company's business, prospects, performance, operations, financial position, reputation or cash flows or the decision in such a proceeding is likely to affect the decision in similar proceedings, such that the cumulative amount involved in such proceedings exceeds the Monetary Threshold, even though the amount involved in an individual proceeding does not exceed the threshold; or

- c) *Additional threshold*: there are any findings or observations arising out of any of the inspections by the SEBI or by any other regulator in or outside India, which are outstanding.
- d) which are material and which need to be disclosed or non-disclosure of which may have bearing on the investment decision.
- e) in the event any tax matters involve an amount exceeding the Monetary Threshold proposed in (a) above, in relation to the Relevant Parties, individual disclosures of such tax matters will be included in addition to the requirements set out in (iv) above.

It is clarified that for the purpose of this Policy, pre-litigation notices received by the Relevant Parties, key managerial personnel, senior management, from third parties (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial, taxation authorities, FIRs (including FIRs where no cognizance has been taken by the court), police complaints or notices threatening criminal action) shall, in any event, not be considered as litigation and evaluated for materiality, until such time that Relevant Parties or key managerial personnel, senior management are impleaded as defendants or respondents in litigation proceedings before any judicial/arbitral forum or are notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.

C. Identification of ‘material’ creditors

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents and on the website of the Company for outstanding dues to creditors as follows:

- (i) based on the policy on materiality defined and adopted 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;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprises (“MSME”) and other creditors, separately giving details of the number of cases and the amount involved will be disclosed in the Offer Documents; and
- (iii) 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 outstanding dues to MSME and other creditors, the disclosure will be based on information available with the Company regarding the status of the creditors as MSME, as defined under Section 2, read with Section 7 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.

Policy on materiality:

For identification of material creditors, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor is equal to or exceeds 5% of the restated total trade payables of the Company as of the end of the latest financial period covered in the Restated Financial Statements disclosed in the Offer Documents. As per the Restated Financial Information provided by the Company, 5% of the total trade payables for the period September 30, 2025 amounts to ₹37.74 million

GENERAL

It is clarified that the Policy is solely for the purpose 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.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other regulatory, judicial, quasi-judicial, governmental, administrative 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.

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time. All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

Version approved by: The Board of Directors

Effective Date: March 5, 2026