



ASK AUTOMOTIVE LIMITED MATERIALITY POLICY

INTRODUCTION

This policy ("**Policy**") has been formulated to define the materiality policy of ASK Automotive 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:

- A. Identification of material companies to be disclosed as Group Companies;
- B. Identification of 'material' litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of 'material' creditors.

APPLICABILITY

The board of directors of the Company ("**Board**") at their meeting held on 16th May, 2023 discussed and approved this Policy. This Policy shall be effective from the date of approval of 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, Delhi and Haryana at New Delhi and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this Policy shall have the same 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(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*".

Therefore, as per the requirements of the SEBI ICDR Regulations, group companies shall include:

- (i) companies (other than the subsidiary) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s); and
- (ii) companies as considered material by the Board.

Policy on materiality:

With respect to point (ii), for the purpose of disclosure in the Offer Documents, a company (other than subsidiary of the Company) shall be considered "material" and will be disclosed as a 'Group Company' in the Offer Documents if it is a member of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more related party transactions during the period after the last completed financial year and the stub period, if any, which individually or in the aggregate, exceed 10% of the total revenue from operations of the Company, for the last completed financial year, as included in the Offer Documents until the date of filing of the Offer Documents.

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

B. Identification of 'material' litigation (excluding 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 and Subsidiaries (collectively, "Relevant Parties"):

- (i) All criminal proceedings (including matters at FIR stage where no/some cognizance has been taken by the court);
- (ii) All actions by regulatory authorities and statutory authorities;
- (iii) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (iv) Other pending civil litigations - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

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.

Policy on materiality:

Other than litigations mentioned in points (i), (ii) and (iii) above, for the purposes of determining outstanding material litigations /arbitration proceedings as mentioned in point (iv) above any pending civil litigation / arbitration proceedings involving the Relevant Parties shall be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) The aggregate monetary amount of claim involved, whether by or against the Relevant Parties in any such pending proceeding is in excess of 2.5% of profit after tax of the Company on a consolidated basis, as per the restated audited consolidated financial statements (included in the Offer Documents) for the most recent complete financial year covered in the restated audited consolidated financial statements included in the Offer Documents; and
- (ii) the monetary impact is not quantifiable or lower than the threshold mentioned in point (i) above, but the outcome in any such litigation would materially and adversely affect the Company's business, prospects, operations, performance, financial position or reputation.

Further, any tax litigation which involves a claim amount greater than the materiality thresholds as defined above, will also be disclosed individually.

Pre-litigation notices received by the Relevant Parties from third parties (excluding governmental, statutory or regulatory authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as litigation until such time that Relevant Parties are impleaded as defendants 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.

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 or financial position or reputation of the Company.

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 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 and other creditors, separately giving details of number of cases and amount involved will be disclosed in the Offer Documents; and
- (iii) Complete details about outstanding dues to material creditors as per (i) above 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 micro, small and medium enterprises (“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 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 amounts due to such creditor is equivalent to or in excess of 5% of restated consolidated trade payables of the Company as of the end of the most recent financial period covered in the restated audited consolidated financial statements included in the Offer Documents.

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 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.
