

**DEE DEVELOPMENT ENGINEERS LIMITED**  
**MATERIALITY POLICY**

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## **INTRODUCTION**

This policy (the “**Policy**”) has been formulated to define the respective materiality policies in respect of DEE Development Engineers Limited (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of 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’ outstanding litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of ‘material’ outstanding dues to creditors.

## **APPLICABILITY**

The board of directors of the Company (the “**Board**”) at their meeting held on March 4, 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 red herring prospectus and the prospectus, 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, Registrar of Companies, N.C.T of 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 meanings ascribed to such terms in the Offer Documents.

### **A. Identification of material companies to be disclosed as Group Companies**

*Requirement:*

As per Regulation 2(1)(t) of the SEBI ICDR Regulations, the term “**Group Companies**”, is defined to include “*such companies (other than promoter(s) and subsidiary/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*”.

With respect to identification of Group Companies, the following approach may be considered pursuant to the provisions of the SEBI ICDR Regulations:

- a. Companies (other than promoter(s) and subsidiaries) with which there were related party transactions as per the Restated Consolidated Financial Information for Fiscals 2023, 2022 and 2021 and stub period; and
- b. other companies as considered material by the Board of the Company.

*Policy on Materiality:*

In addition, for the purposes of (a) above, a company (other than the companies covered under the schedule of related party transactions as per the Restated Consolidated Financial Information) 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 transactions with the Company in the most recent financial year, in respect of which Restated Consolidated Financial Information are included in the Offer Documents, that cumulatively exceed 10% of the total revenue of our Company for the last completed financial year covered in the Restated Consolidated Financial Information.

Based on our review of the restated consolidated financial statements, we note that there are no group companies.

### **B. Identification of material outstanding litigation**

*Requirement:*

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Company, its Subsidiaries, its Directors and Promoters (collectively “**Relevant Parties**”):

- (i) all pending criminal proceedings involving the Relevant Parties (including FIRs);
- (ii) all outstanding actions by regulatory authorities and statutory authorities (including any notices by such authorities) against the Relevant Parties;
- (iii) disciplinary actions including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action;
- (iv) consolidated disclosure of all outstanding claims related to direct and indirect taxes, giving the number of cases and total amount. Provided that if the amount involved in any such claims exceeds the materiality threshold, such matter(s) shall be disclosed on an individual basis; and
- (v) for all outstanding civil/ arbitration legal proceedings – individual disclosures as per the materiality policy defined by the Board and disclosed in the Offer Documents (materiality thresholds *provided below for each Relevant Party*).

Further, pre-litigation notices received (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation authorities or notices threatening criminal action) by the Company, its Subsidiaries, Directors or Promoters from third parties shall not be considered as litigation unless otherwise decided by the Board or until such time that any of the Company, its Subsidiaries, Directors or Promoters, as the case may be, is impleaded as a party in proceedings initiated before any court, arbitrator, tribunal, judicial forum or governmental authority.

All outstanding labour law cases of a criminal nature will also be disclosed in the Offer Documents.

*Policy on Materiality:*

As per the requirements of SEBI ICDR Regulations, the Company shall disclose any pending litigation involving the Group Company(ies) which has a material impact on the Company.

a. Company

*Monetary threshold:* Pending civil cases involving the Company, which involve an amount of more than ₹6.49 million, being 5% of the total consolidated profit after tax for the Financial Year ended March 31, 2023 as per the Restated Consolidated Financial Information, shall be considered material and be disclosed in the Offer Documents.

*Subjective threshold:* Under this test, such pending matters whose outcome may have a material impact, in the opinion of the Board, on the business, performance, financial position, cash flows, prospects, reputation, operations or any adverse impact on the Company, irrespective of their monetary quantum, will necessitate disclosure. This may include any writ petitions filed involving the Company or similar matters which may have a material impact on the business of the Company.

b. Subsidiaries

*Monetary threshold:* Pending civil cases involving the Subsidiaries of the Company, as applicable, which involve an amount of more than ₹6.49 million, being 5% of the total consolidated profit after tax for the Financial Year ended March 31, 2023 as per the Restated Consolidated Financial Information shall be considered material and be disclosed in the Offer Documents.

*Subjective threshold:* Under this test, such pending matters whose outcome may have a material impact on the business, prospects, financial positions, cash flows, performance, reputation, operations or any adverse impact on the Company, irrespective of their monetary quantum, will necessitate disclosure. Accordingly, the Subsidiaries shall identify and provide information relating to such outstanding litigation involving themselves in their respective certificates.

c. Promoters

*Monetary threshold:* Pending civil cases involving the Promoters of the Company, which involve an amount of more than ₹6.49 million, being 5% of the total consolidated profit after tax for the Financial

Year ended March 31, 2023 as per the Restated Consolidated Financial Information shall be considered material and be disclosed in the Offer Documents. The Promoters shall identify and provide information relating to such outstanding civil litigation involving them and exceeding the monetary threshold in a certificate.

*Subjective threshold:* All outstanding civil litigation against the Promoters of the Company where an adverse outcome would materially and adversely affect the business, prospects, cash flows, performance, operations or financial position or reputation of the Company (*irrespective of the amount involved in such litigation*), would be considered as material for the Company and accordingly, the Promoters shall identify and provide information relating to such outstanding civil litigation involving him in a certificate.

c. Directors (other than the Promoters):

*Monetary threshold:* Pending civil cases involving a Director of the Company, which involve an amount of more than ₹6.49 million, being 5% of the total consolidated profit after tax for the Financial Year ended March 31, 2023 as per the Restated Consolidated Financial Information shall be considered material and be disclosed in the Offer Documents. Each Director shall identify and provide information relating to such outstanding civil litigation involving itself and exceeding the monetary threshold in a certificate.

*Subjective threshold:* All outstanding civil litigation against the directors of the Company where an adverse outcome would materially and adversely affect the business, prospects, performance, cash flows, operations or financial position or reputation of the Company (*irrespective of the amount involved in such litigation*), would be considered as material for the Company and accordingly, each director shall identify and provide information relating to such outstanding civil litigation involving themselves in a certificate.

e. Group Companies

In relation to legal proceedings involving the Group Companies, a certificate will be obtained in relation to any litigation involving the Group Companies, the outcome of which could have a material impact on the Company. Whether or not any legal proceeding involving the Group Companies could have a material impact on the Company would be determined by the relevant Group Company in its judgment.

### **C. Identification of material creditors**

*Requirement:*

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents of details of outstanding dues to creditors:

- (i) based on the policy on materiality defined by the board of directors, details of creditors which includes consolidated number of creditors and the aggregate amount involved;
- (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; and
- (iii) complete details about outstanding overdues 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.

*Policy on Materiality:*

Pursuant to requirements under the SEBI ICDR Regulations, creditors of the Company (except banks and financial institutions from whom the Company has availed financing facilities) to whom an amount having a monetary

value which exceeds 5% of the total trade payables of the Company as of the end of the most recent period covered in the Restated Consolidated Financial Information of the Company is outstanding, shall be considered as 'material'. Accordingly, creditors of our Company to whom our Company owes an amount exceeding ₹101.14 million are considered material, including the consolidated number of creditors and the aggregate amount involved.

## **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 by the Board 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.