
MATERIALITY POLICY

INTRODUCTION

This policy (the “**Policy**”) has been formulated to define certain materiality policies in respect of the proposed initial public offering of the equity shares of Eastman Auto & Power 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 group companies to be disclosed in the Offer Documents (defined below);
- B. Identification and disclosure of legal proceedings involving the Company, its subsidiaries, its promoters and directors (“**Relevant Parties**”), key managerial personnel and senior management, including ‘material legal proceedings’ involving the Relevant Parties; and
- C. Identification of ‘material’ creditors.

APPLICABILITY

The board of directors of the Company (the “**Board**”) at their meeting held on November 26, 2025 discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board.

In this Policy, the term (i) “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus, and includes 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**”), Registrar of Companies, Delhi and Haryana at New Delhi and/or stock exchanges where the equity shares of the Company are proposed to be listed, and any other government / regulatory authorities, as applicable and (ii) “**Restated Consolidated Financial Information**” shall mean the restated consolidated financial information of the Company and its subsidiaries, as disclosed in the relevant Offer Document.

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 companies to be disclosed as group companies of the Company

Requirement:

The SEBI ICDR Regulations define “group companies” to include “*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, for the purpose of disclosure in the Offer Documents and as per the requirements of the SEBI ICDR Regulations, the following shall be considered group companies of the Company:

- (i) such companies (other than any promoter(s) or subsidiaries of the Company, as applicable) with which there were related party transactions, during the period for which financial information will be disclosed in the Offer Documents, as covered under the Indian Accounting Standard (Ind AS) 24; and
- (ii) any other company as considered material by the Board, in terms of the policy laid down below.

Policy on materiality for identification of companies to be disclosed as group companies of the Company:

With respect to point (ii) 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

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disclosed as a 'Group Company' (other than any promoter(s) or subsidiaries of the Company, as applicable) 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 with which there were related party transactions in the most recent financial period, covered in the Restated Consolidated Financial Information, included in the Offer Documents, which individually or in the aggregate, exceed 10% of the revenue from operations of the Company for such period.

The relevant financial information of the group companies identified, based on the above approach, will be disclosed on the website of respective group companies in accordance with the SEBI ICDR Regulations.

B. Identification and disclosure of legal proceedings involving the Relevant Parties, key managerial personnel and senior management, including 'material legal proceedings' involving the Relevant Parties

I. Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following legal proceedings involving the Relevant Parties in the Offer Documents:

- (i) all outstanding criminal proceedings (including any notices received for such criminal proceedings and matters at FIR stage where no / some cognizance has been taken by any court or any other judicial authority);
- (ii) all outstanding actions (including all disciplinary actions, penalties and show-cause notices) by regulatory authorities and statutory authorities (including any judicial, quasi-judicial, administrative or enforcement authorities);
- (iii) disciplinary actions including penalties imposed by SEBI or stock exchanges against the promoters in the last five financial years preceding the relevant Offer Documents including outstanding actions;
- (iv) outstanding claims and proceedings related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount involved in such cases, provided that tax matters for which the amount involved are equal to or exceed the materiality threshold (*as further defined in (v) below*), will be disclosed separately; and
- (v) other pending litigation (including civil litigation or arbitration proceedings) based on lower of the threshold criteria mentioned below –
 - a. As per 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 consolidated financial statements of the Company; or
 - ii. two percent of net worth, as per the latest annual restated consolidated 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 consolidated financial statements of the Company.

II. Additionally, in accordance with the SEBI ICDR Regulations, the Company shall also disclose the following outstanding legal proceedings in the Offer Documents:

- a) all criminal proceedings (including matters at FIR stage where no / some cognizance has been taken by any court or any other judicial authority) involving the key managerial personnel and senior management of the Company;
- b) all actions (including all penalties and show-cause notices) by regulatory and statutory authorities (including any judicial, quasi-judicial, administrative or enforcement authorities) against the key managerial personnel and senior management of the Company; and
- c) such outstanding litigations involving the Group Companies, which has a material impact on the Company. Any pending litigation involving the group companies 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, prospects, operations,

cash flows, performance, financial position or reputation of the Company in accordance with provisions of the SEBI ICDR Regulations. Such analysis and determination of the impact will be undertaken and decided by the chief financial officer and / or managing director and / or chief executive officer of the Company, to the extent applicable.

Policy on materiality for identification of material outstanding litigation involving the Company, its subsidiaries, its promoters and directors (excluding criminal proceedings, actions by statutory / regulatory authorities, disciplinary actions imposed by SEBI or stock exchanges against the promoters and taxation matters):

Other than the litigations mentioned in points I (i) to (iv) and II (a) to (c) above, for the purpose of point (v) above, any pending litigation / arbitration proceedings involving the Relevant Parties, the value or expected impact in terms of value of which, would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (a) the aggregate monetary claim / amount in dispute, to the extent quantifiable, made by or against the Relevant Parties in any such pending litigation / arbitration proceeding is equivalent to or above, (i) 2% of turnover for the last completed fiscal, as per the latest annual Restated Consolidated Financial Information of the Company; or (ii) 2% of net worth for the last completed fiscal, as per the latest annual Restated Consolidated Financial Information of the Company, except in case the arithmetic value of the net worth is negative; or (iii) 5% of the average of absolute value of profit or loss after tax of the Company in the last three completed fiscals, as per the latest annual Restated Consolidated Financial Information of the Company.
- (b) any litigation which, irrespective of the amount involved in such litigation, involve the Relevant Parties and could have a material adverse effect on the business, operations, cash flows, performance, prospects, financial position or reputation of the Company; or
- (c) any such litigation where the decision in one case is likely to affect the decision in similar matters such that the cumulative amount involved in such matters exceeds the threshold as specified in (a) above, even though the amount involved in an individual matter may not exceed the threshold as specified in (a) above.

Pre-litigation notices received by the Relevant Parties or Group Companies from third parties (excluding governmental / statutory / regulatory / judicial authorities or notices threatening criminal action) and matters in which summons have not been received shall, in any event, not be considered as litigation until such time that Relevant Parties or Group Companies, as the case may be, are impleaded as defendants in proceedings initiated before any court, arbitral forum, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

For the purposes of actions referred to in I (ii) and II (b) above, correspondences from statutory or regulatory authorities received by the Relevant Parties, key managerial personnel and senior management, which are correspondences in the ordinary course of business for the Relevant Parties, key managerial personnel and senior management shall not be considered as litigation. For the purposes of tax claims in (c) above, show cause notices, demand notices and any claims received in writing by the Relevant Parties shall be considered for disclosure and requests for information or clarifications, if any, received without any claim amount shall not be considered for disclosure

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 regulatory, judicial, quasi-judicial, administrative, 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. 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.

C. Identification of outstanding dues to 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 creditors and amount involved will be disclosed in the Offer Documents; and
- (iii) complete details about outstanding over-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 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:

For identification of material creditors for disclosure in the Offer Documents in terms of point (i) above, a creditor of the Company shall be considered to be material, if the amounts due to such creditor is equivalent to or exceeds 5% of the consolidated trade payables of the Company as at the end of the latest period included in the Restated Consolidated Financial Information included in the Offer Documents.


GENERAL

It is clarified that the Policy 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.

This Policy shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder or by SEBI and/or such other regulatory or statutory authority with respect to listed companies or companies that propose to list their shares in stock exchanges, or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or additional disclosures that may arise on account of 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.

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Approved by the Board