



STEAM EQUIPMENTS LIMITED

MATERIALITY POLICY

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INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies of Steam Equipments 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 in the Offer Documents (as defined hereinafter);
- B. Identification of ‘material’ litigation (excluding disciplinary actions against the promoters/directors, criminal proceedings, statutory/regulatory actions and taxation matters) involving the Company, its Promoters, KMP’s, SMP’s, Subsidiaries, Directors (collectively, the “**Relevant Parties**”); and
- C. Identification of ‘material’ creditors and outstanding dues therein

APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on September 02, 2025 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 (“**DRHP**”), the red herring prospectus (“**RHP**”) and the prospectus (“**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, the Registrar of Companies, (“**RoC**”), and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

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

The policy on identification of material outstanding litigation 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 relevant 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, or any other applicable law. In this regard, it is clarified that the policy on identification of material outstanding litigation is solely adopted 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 purposes.

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 promoters and subsidiaries if any) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under the Indian Accounting Standard (Ind AS) 24; and
- (ii) 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:

With respect to point (ii), for the purpose of disclosure in the Offer Documents, a company shall be considered material and shall be disclosed as a 'Group Company' in the Offer Documents, if such company (a) is a member of the promoter group of the Company (other than the Subsidiaries) (as defined in the Regulation 2 (1) (pp) of the SEBI ICDR Regulations); and (b) with which there were transactions in the last three financial year and stub period, if any, as set out in the Restated Financial Statements are included in the Offer Document), which individually or in the aggregate, exceed 10% of the total restated total revenue of the Company.

B. Identification of 'material' litigation involving the Company, its subsidiaries, its promoters, its directors, its key managerial personnel and its senior managerial personnel (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Relevant Parties:

- (i) All outstanding criminal proceedings (including any notices received for such criminal matters which are at first information report stage, even if no cognizance has been taken by any court). However, with respect to cases involving our Company, under Section 138 of the Negotiable Instruments Act, 1881, which are in the ordinary course of business, the aggregate number of cases and aggregate amount involved in such proceedings shall be disclosed in a generic manner without providing specific details;
- (ii) All outstanding actions taken / penalties imposed by regulatory authorities and statutory authorities (including all penalties and notices);
- (iii) Disciplinary action including any penalty imposed and show cause notices issued by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action preceding the relevant offer documents and to be disclosed in the relevant offer document
- (iv) All outstanding claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; In the event any tax matters involve an amount exceeding the threshold proposed in (i) below, in relation to the Company, Promoters, Directors, KMP's, SMP's or the Subsidiaries, individual disclosures of such tax matters will be included and
- (v) Details of any other pending civil litigations involving the Relevant Parties, which are determined to be material - as per policy of materiality adopted 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 (as determined by the Board) on the Company.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose (a) any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges against any of the Promoters in the last five financial years preceding the date of the relevant Offer Document, including any outstanding action; (b) all criminal proceedings involving Key Managerial Personnel and Senior Management Personnel; and (c) the actions by regulatory authorities and statutory authorities against the Key Managerial Personnel and Senior Management Personnel.

It is clarified that for the purpose of this Policy, criminal proceedings shall also include outstanding first information reports.

Policy on Materiality:

For the point (v) above, any pending civil litigation (including tax proceedings) involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if the monetary amount of claim/amount in dispute/expected impact in terms of value, to the extent quantifiable exceeds, (a)

two percent of turnover, for the most recent financial year as per the restated financial statements; or (b) two percent of net worth, as at the end of the most recent financial period as per the restated financial statements; or (c) five percent of the average of absolute value of profit or loss after tax, for the last three financial years as per the restated financial statements, whichever is lower (“**Threshold**”):

Further, any outstanding civil litigations/arbitration proceedings involving the Relevant Parties wherein the monetary impact is not quantifiable or does not exceed the Threshold shall be considered ‘material’ and shall be disclosed in the Offer Documents, if the outcome of such litigation could have a material adverse effect on the business, performance, prospects, operations, financial position or reputation of the Company.

Further, pending litigations where the decision in one litigation is likely to affect the decision in similar litigations which could either individually or collectively have a material adverse effect on the business, performance, prospects, operations, financial position or reputation of the Company, shall be disclosed in the Offer Documents, even though the amount involved in an individual litigation may not exceed the Threshold.

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

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 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.

Group Companies:

In relation to legal proceedings involving the group companies, a certificate will be obtained in relation to any pending litigation involving the group companies, the outcome of which could have a material impact on the Company or the Issue. Further, the board of the Company would pass a resolution taking on record such certificate provided by the group companies.

C. Identification of ‘material’ creditors

Requirement:

1. 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 Company’s 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 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 (except banks and financial institutions from whom the Company has availed financing facilities), in terms of point (i) above, 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 the restated trade payables of the Company as of the end of the most recent financial period covered in the restated consolidated financial statements included in the Offer Documents.

GENERAL

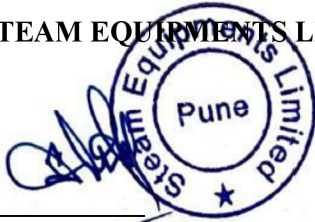
It is clarified that the Policy is solely for the purpose of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents, and should not be applied towards any other purpose, including for disclosure of material information by listed entities pursuant to the 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, 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.

The absolute values of the thresholds mentioned above will be determined once the restated financial statements are made available.

For STEAM EQUIPMENTS LIMITED



RASHEED SYED
Managing Director
DIN: 01902862

Place: Pune
Date: 02/05/2025