



PROJECT RUDRA | MATERIALITY POLICY

Introduction

This document has been formulated to define the materiality policy for identification of (1) material litigation involving Garuda Aerospace Limited (the “**Company**”), its Directors and its Promoters (the “**Relevant Parties**”), its Key Managerial Personnel (“**KMPs**”) and its Senior Management (“**SMPs**”) and together with the KMPs and Relevant Parties, the “**Identified Parties**”); (2) the material creditors of the Company; and (3) group companies of the Company (together, the “**Policy**”), each in terms of the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”).

This Policy shall be effective from the date of its approval by the board of directors of the Company (the “**Board**”) or a duly constituted committee thereof. This Policy was approved by the Board at their meeting held on 25th March 2026.

In this Policy, the term “**Offer Documents**” shall mean the pre-filed draft red herring prospectus, the updated draft red herring prospectus – I, the updated draft red herring prospectus – II, the red herring prospectus, and the prospectus, including 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 “**SEBI**”), the Registrar of Companies, Tamil Nadu and Andaman at Chennai or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable; and the term “**Restated Consolidated Financial Information**” shall mean the restated financial statements of the Company included in such Offer Documents.

1. Materiality policy for litigation

Requirement

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigation:

- (a) All outstanding criminal proceedings involving the Identified Parties (including matters which are at first information report (“**FIR**”) stage even if no cognizance has been taken by any court or any other judicial authority);
- (b) All outstanding actions (including all penalties and show cause notices) by statutory and / or regulatory authorities against the Identified Parties (including any findings/observations of any of the inspections by SEBI or any judicial, quasi-judicial, administrative or enforcement authorities);
- (c) Outstanding taxation claims and proceedings (including show cause and demand notices) involving the Relevant Parties - disclosures regarding claims related to direct and indirect taxes, in a consolidated manner, giving details of the number of cases and total amount involved. However, all tax matters which fall above the materiality threshold shall be disclosed in a detailed manner; and
- (d) Other pending material litigation or arbitration proceedings involving the Relevant Parties – as per the policy of materiality defined by the Board and disclosed in the Offer Documents.

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 the Promoters in the five financial years preceding the relevant Offer Document, including any outstanding action; and

(b) outstanding litigation involving the Group Companies, which may have a ‘material impact’ on the Company, as applicable.

Policy on materiality

For the purposes of determining material litigation / arbitration proceedings referred to in point (d) above, the following criteria shall apply:

For the Company and its Subsidiaries and Promoters and Directors

- A. Any pending litigation / arbitration proceedings (other than litigations mentioned in points 1 (a) to (c) above) involving any of the Relevant Parties shall be considered “material” for the purposes of disclosure in the Offer Documents, if:
- (i) *Monetary threshold:* litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - (a) two percent of turnover, as per the latest annual Restated Financial Information of the Company; or
 - (b) two percent of net worth, as per the latest annual Restated Financial Information of the Company, except in case the arithmetic value of the net worth is negative; or
 - (c) five percent of the average of absolute value of profit or loss after tax, as per the last three Restated Financial Information of the Company.
- Note:** For the purpose of clause (c) above, it is clarified that the average of absolute value of profit or loss after tax is to be calculated by disregarding the ‘sign’ (positive or negative) that denotes such value.
- (ii) *Subjective threshold:* any monetary liability/monetary claim/ dispute amount is not quantifiable, or does not fulfil the threshold as specified in paragraphs A(i) above, as applicable, but the outcome of which could, nonetheless, directly or indirectly, or together with similar other proceedings, have a material adverse effect on the business, operations, results of operations, prospects, financial position or reputation of the Company or where the decision in one matter is likely to affect the decision in similar matters, such that the cumulative amount involved in such matters exceeds the amount as specified in A(i) above, even though the amount involved in an individual matter may not exceed the amount as specified in A(i) above.
 - (iii) *Tax matters:* In the event any tax matters involve an amount exceeding the monetary threshold proposed in (i) above, in relation to the Relevant Parties, individual disclosures of such tax matters will be included.

Further, pre-litigation notices received by the Identified Parties from third parties (excluding those notices issued by statutory/regulatory/tax/judicial/quasi-judicial/administrative authorities) shall, unless otherwise decided by the Board, not be considered as material litigation, until such time that an Identified Party is impleaded as a defendant in any proceedings before any judicial/ quasi-judicial/arbitral forum including any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

2. Materiality policy for identification of material creditors

Requirement:

In terms of the SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors:

- (a) based on the policy on materiality adopted by the Board of Directors and as disclosed in the Offer Documents, details of the Company’s creditors, including the consolidated number of creditors and the aggregate amount involved;
- (b) 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
- (c) a link to the Company’s website wherein complete details pertaining to the outstanding overdues to material creditors along with names and amounts involved for each such material creditor shall be hosted from the date of filing of the updated draft red herring prospectus-I.

Policy on materiality:

For the purposes of identification of material creditors, in terms of point (a) 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 equal to, or in excess of 5% of the total restated trade payables, of the Company as at the end of the latest financial period included in the Restated Financial Information.

Further, for outstanding dues to micro, small or medium enterprise, the disclosures in the Offer Documents shall be based on the information available with the Company regarding the status of the creditor 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.

3. Materiality Policy for identification of group companies

Requirement:

As per the SEBI ICDR Regulations, the term 'group companies', for the purpose of disclosure in the Offer Documents, shall include (i) such companies (other than promoter(s) and subsidiaries) with which the Company had related party transactions during the period for which restated financial information is disclosed, as covered under applicable accounting standards; and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies with which there were related party transactions in accordance with Indian Accounting Standard (Ind AS) 24, during the periods covered in the Restated Consolidated Financial Information, shall be considered as group companies in terms of the SEBI ICDR Regulations.

Policy on materiality:

For the purposes of identification of group companies, other than the companies categorized under (i) above, a company shall be considered "material" and will be disclosed as a "group company" if such company forms part of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and with which there were one or more transactions in the most recent completed financial year or the relevant stub period, for which financial information is disclosed in the Offer Documents, as applicable which individually or in the aggregate, exceed 10% of the revenue of our Company, for the most recent completed financial year or the relevant stub period, as per the Restated Financial Information for that period.

The select financial information of the group companies identified, based on the above approach, will be disclosed on the website of respective group companies from the date of the filing of the updated draft red herring prospectus-I in accordance with SEBI ICDR Regulations.

General

It is clarified that the above-mentioned policies are 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 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.

The above-mentioned policies shall be subject to review / changes as may be deemed necessary and in accordance with applicable law from time to time.

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