



MATERIALITY POLICY

INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies of Globe Civil Projects 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 disciplinary actions against the promoters, 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 24.09.2024, 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 addenda or corrigenda 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, Delhi & Haryana at New Delhi (the “**RoC**”) 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” to include “*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 with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s) (the “**Relevant Period**”), as covered under Indian Accounting Standard (Ind AS) 24 (collectively, “**Accounting Standards**”); and
- (ii) companies as considered material by the Board under the Policy on Materiality (as defined below).

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 (as defined in the Regulation 2 (1) (pp) of the SEBI ICDR Regulations); and (b) with which there were transactions in the most recent financial year and stub period, if any, (in respect of which Restated Consolidated Financial Information is included in the Offer Documents), ("**Test Period**") which individually or in the aggregate in value, exceed 10% of the total consolidated restated revenue from operations of the Company from the Test Period, shall also be classified as group companies.]

B. Identification of 'material' litigation (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 pending litigation involving the Company, its Directors, and Promoters (collectively, "**Relevant Parties**"):

- (i) All criminal proceedings;
- (ii) All actions by regulatory authorities and statutory authorities including notices issued by such authorities;
- (iii) Claims related to direct and indirect taxes (disclosed in a consolidated manner giving the total number of claims and total amounts involved) 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
- (iv) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action;
- (v) other pending litigation/arbitration as determined to be material by our Board as per the Materiality Policy for Relevant Parties.

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.

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:

- i. *the aggregate monetary claim/ dispute amount/ liability made by or against the Relevant Party, in any such pending litigation/ arbitration proceeding, to the extent quantifiable, exceeds the lower of the following:*
 - (a) *2% of turnover, as per the Restated Consolidated Financial Information of our Company, for Fiscal 2024, or*
 - (b) *2% of net worth, based on the Restated Consolidated Financial Information of our Company as of March 31, 2024, or*
 - (c) *5% of the average of absolute value of profit or loss after tax, as per the Restated Consolidated Financial Information of our Company for the last three Fiscals i.e. FY2024, FY2023 and FY2022.*

- ii. *where monetary liability is not quantifiable or does not exceed the threshold mentioned in point (i) above, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, financial position or reputation of the Company.*

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.

Pre-litigation notices received by the Relevant Parties from third parties (excluding governmental, statutory 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 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.

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 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 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.

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 (1) 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 *exceeds 5% of total outstanding dues (trade payables) of our Company, on a consolidated basis, based on the Restated Consolidated Financial Information* included in the Offer Documents. *Further, for outstanding dues to any party which is a micro, small or medium enterprise ("MSME"), the disclosure will be based on information available with the Company regarding the status of the creditor as defined under Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder.*

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.

This policy shall be subject to review/changes as may be deemed necessary by Board/IPO committee and in accordance with regulatory amendments from time to time. This policy shall be without prejudice to any additional disclosure requirement which may be prescribed by SEBI or the Stock Exchanges, including through any observations on the Offer Documents.
