

HAPPY STEELS LIMITED

POLICY ON

DETERMINATION OF MATERIALITY

POLICY FOR MATERIALITY

I. Legal Framework and Background

Happy Steels Limited (the “**Company**”) is committed to being open and transparent with all stakeholders and believes in disseminating information in a fair and timely manner. This Policy for Determination of Materiality of Events or Information (“**Policy**”) is aimed at providing guidelines to the management of Company, to determine the materiality of events or information, which could affect investment decisions and to ensure timely and adequate dissemination of information to the Stock Exchange(s) (as hereinafter defined).

This policy (“**Policy**”) has been formulated to define the respective materiality policies pursuant to the disclosure requirements prescribed under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of companies to be disclosed as Group Companies in the Offer Documents (as defined below);
- 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.

The board of directors of the Company (“**Board**”) at their meeting held on January 12, 2026 discussed and approved this Policy. This Policy shall be effective from the date of approval of policy by the Board.

II. Objective

The objective of this Policy is to serve as a guiding charter to the management of the Company to ensure that timely and adequate disclosure of events or information that are material in nature and could affect investment decisions, is made to the investor community timely and appropriately as mandated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

III. Definitions

- (a) “**Act**” means the Companies Act, 2013 and as amended, modified or replaced from time to time and includes any statutory replacement or re-enactment thereof, and to the extent that any provisions of the Companies Act, 2013, including any rules made thereunder.
- (b) “**Board of Directors**” means the Board of Directors of the Company.
- (c) “**Company**” means Happy Steels Limited.
- (d) “**Key Managerial Personnel**” means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013.
- (e) “**Offer Documents**” shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus to be filed by the Company in connection with the proposed Initial Public Offering of its equity shares with the Stock Exchange, the Securities and Exchange Board of India or the other regulatory authorities.
- (f) “**SEBI Listing Regulations / SEBI (LODR)**” means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (g) “**Policy**” means this policy, as amended from time to time.
- (h) “**SEBI**” means the Securities and Exchange Board of India.

- (i) “**Rules**” means the rules made under the Act.
- (j) “**Stock Exchange**” means such stock exchange where the equity shares of the Company are listed.

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

A. Identification of companies to be disclosed as group companies in the Offer Documents

Requirement:

As per the requirements of the SEBI ICDR Regulations, ‘group companies’ include such companies (other than the subsidiaries and the promoters) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24, and also other companies as considered material by the Board.

The policy on the 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:

For the purpose of disclosure in the Offer Documents, a company shall be considered material and will be disclosed as a ‘Group Company’ in the Offer Documents if:

- (i) such companies (other than the corporate promoter) have entered into related party transactions with the Company as described under Ind AS 24 during any of the financial year/periods being included in the Offer Documents; and
- (ii) any other company as may be identified as material by the Board.

With respect to (ii) above, the following will be considered a material group company:

- a. a promoter group entity (in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations) shall be considered “material” and will be disclosed as a ‘Group Company’ in the Offer Documents, if there were one or more transactions during the most recent financial year (or the relevant stub period, as applicable) in the restated financial statements of the Company included in the Offer Documents (“Test Period”), which individually or cumulatively in value, exceeds 10% of the total income of the Company, as per the restated financial statements of the Company for the respective Test Period; and/or
- b. companies (other than corporate promoter of the Company) with which there were related party transactions for the period beginning from the beginning of the next financial year (ie, after the date of the latest statement of assets and liabilities disclosed in the Offer Documents) until the date of filing of the Offer Documents

B. Identification of ‘material’ litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)

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 outstanding criminal proceedings (including first information reports);
- (ii) All outstanding actions (including penalties and show-cause notices) by regulatory authorities and statutory authorities;
- (iii) Disciplinary actions including penalties imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- (iv) Outstanding claims related to direct and indirect taxes, in a consolidated manner, giving the number of

- cases and total amount; and
(v) Other pending litigations based on lower of threshold criteria mentioned below-

(i) As per the policy of materiality defined by the board of directors of the issuer and disclosed in the offer document; or

(ii) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:

- (a) two percent of turnover, for the most recent financial year based on the Restated Financial Statements; or
(b) two percent of net worth, as at the end of the most recent financial year based on 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 based on the Restated Financial Information, whichever is lower.

Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, for the purpose of point (v) above, any other pending litigation involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

Monetary threshold:

For the Company, its directors and promoters (except listed promoter)

The monetary amount of claim by or against the Company, its directors or promoters (except listed promoter), in any such pending proceeding is equivalent to or in excess of 1% of the net worth of the Company, as per last full year restated financial statements included in the Offer Documents;

Subjective threshold: all outstanding litigation which may not meet the monetary threshold and/or such pending matters which are not quantifiable, involving the Relevant Parties, whose outcome would materially and adversely affect the business, prospects, operations, performance, financial position or reputation of the Company.

It is clarified that for the purpose of this Policy, pre-litigation notices received by the Relevant Parties and group company(ies) from third parties (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation 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 before any 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.

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 on the Company.

C. Identification of 'material' 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 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:

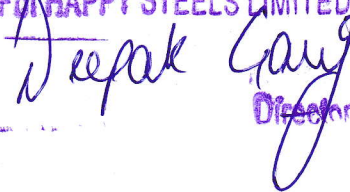
For identification of material creditors, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor exceeds 10% of the restated outstanding trade payables of the Company as of the end of the latest financial period covered in the restated financial statements disclosed in the Offer Documents.


IV. AMENDMENT

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall automatically stand amended to reflect any changes to the SEBI Regulations, to the extent the same is the subject matter of this Policy.

Happy Steels Limited

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For HAPPY STEELS LIMITED

Director

For HAPPY STEELS LIMITED

Abhishek Garg
Managing Director
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