

JSW CEMENT LIMITED
(‘JSWCL’)

**MATERIALITY POLICY FOR
DISCLOSURE IN THE OFFER
DOCUMENTS**

PREFACE:

Title	Materiality Policy
Version number	1.00
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Introduction

This document has been formulated to define the policy for identification of (i) outstanding material litigation involving JSW Cement Limited (the “**Company**”), its Subsidiaries, its material joint venture, JSW Cement FZC (“**Material Joint Venture**”), its Directors, its Promoters and its Group Companies, as applicable; (ii) companies to be considered as Group Companies; and (iii) the material creditors of the Company (together, the “**Policy**”), in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”).

This Policy shall be effective from the date of its approval by the board of directors of the Company (“**Board**”).

In this Policy, the term “**Offer Documents**” shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus (along with any addenda or corrigenda thereto), as applicable, to be filed and/or submitted by Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, Maharashtra at Mumbai and the stock exchanges where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable; and the term “**Restated Consolidated Financial Information**” shall mean the restated consolidated financial statements of the Company, as disclosed in the relevant Offer Document, together with the summary statement of significant accounting policies, and other explanatory information thereon derived from the relevant audited consolidated financial statements, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (read with the Companies (Indian Accounting Standards) Rules, 2015, as amended) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

1. Policy for identification and disclosure of litigations and other matters:

In terms of the SEBI ICDR Regulations, the Company is required to disclose the following pending litigation(s) involving itself, its Directors, its Subsidiaries, the Material Joint Venture and its Promoters in the Offer Documents:

- (i) All outstanding criminal proceedings;
- (ii) All outstanding actions by statutory and/or regulatory authorities;
- (iii) All outstanding claims, separately for direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount involved in such cases (with separate disclosures regarding material claims related to direct or indirect taxes); and



- (iv) Other pending litigation/arbitration proceedings in accordance with 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 any of the Promoters in the five financial years preceding the date of the relevant Offer Document, including any outstanding action; (b) outstanding litigation involving any of the Group Companies, which may have a material impact on the Company, as applicable; and (c) any findings/observations of any of the inspections by SEBI or any other regulator involving the Company which are material and which need to be disclosed or non-disclosure of which may have bearing on the investment decision, other than the ones which have already disclosed in the DRHP.

For the purposes of determining outstanding material litigations as mentioned in point 1(iv) above, the following shall be considered 'material' for the purposes of disclosure in the Offer Documents:

For the Company, Subsidiaries, Material Joint Venture, Promoters and Directors

Any pending civil litigation/ arbitration proceedings involving the Company, Subsidiaries (other than a listed Subsidiary), Material Joint Venture, Directors and/or Promoters, shall be considered 'material' for the purposes of disclosure in the Offer Documents, if:

- a) the monetary amount involved in such a proceeding exceeds, the lower of (a) 2% of the turnover of the Company as per the Restated Consolidated Financial Information for the preceding financial year; or (b) 2% of the net worth of the Company as per the Restated Consolidated Financial Information as at the end of the preceding financial year; or (c) 5% of the average of the absolute value of the profit/loss after tax as per the Restated Consolidated Financial Information of the preceding three financial years disclosed in the relevant Offer Documents ("Threshold"); or
- b) any such proceedings wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (a) above, but the outcome of such a proceeding could, nonetheless, have a material adverse effect on the financial position, business, operations, prospects, or reputation of the Company, in the opinion of the Board; or
- c) the decision in such a proceeding is likely to affect the decision in similar proceedings, such that the cumulative amount involved in such proceedings exceeds the Threshold, even though the amount involved in an individual proceeding does not exceed the Threshold.

For a Listed Subsidiary

Disclosure in the Offer Documents of pending civil/arbitration proceedings involving a listed Subsidiary shall be made in accordance with the relevant materiality policy (which can be accessed at www.shivacement.com/policies/) of such listed Subsidiary and applicable laws.

Other matters

With respect to outstanding litigations involving the Group Companies, only such outstanding litigations shall be disclosed in the Offer Documents, that could have a material impact on the Company in the opinion of the Board.

It is clarified that for the purposes of disclosures in the Offer Documents, pre-litigation notices received by any of the Company, Subsidiaries, Material Joint Venture, Directors, Promoters or Group Companies, from third parties (excluding those notices issued by statutory/regulatory/governmental/ tax authorities or notices threatening initiation of criminal action), unless otherwise decided by the Board, shall not be considered as an outstanding litigation until such time the Company, Subsidiaries, Material Joint Venture, Directors, Promoters or Group Companies, as the case may be, are impleaded as a party in the proceeding before any judicial/arbitral forum. Further, first information reports involving any of the Company, Subsidiaries, Material Joint Venture, Directors and the Promoters, shall be disclosed in the Offer Documents (whether cognizance has been taken or not by any court or judicial authority).

2. Policy for identification of Group Companies

In terms of the SEBI ICDR Regulations, the term 'Group Companies' includes:

- i. such companies (other than corporate promoter(s) and subsidiary(ies)) with which the issuer company has had related party transactions during the period for which financial information is disclosed in the offer document, as covered under the applicable accounting standards; and
- ii. any other companies as considered material by the Board.

Accordingly, for (i) above, all such companies (other than the corporate Promoters and the Subsidiaries) with which there were related party transactions during the period covered in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, shall be considered as Group Companies.

For the purposes of point (ii) above, the policy on identification of any other 'material' companies for consideration as Group Companies (other than those covered under the schedule of related party transactions as per the Restated Consolidated Financial Information), is as set out below.

For the purpose of disclosure in the Offer Documents, all such companies (other than the Subsidiaries, the corporate Promoters and the companies categorized under (i) above) shall be considered 'material' and will be disclosed as a Group Company in the Offer Documents if (a) such company is a member of the 'Promoter Group' of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and (b) the Company has entered into one or more transactions with such company during the last completed Fiscal or relevant stub period, if applicable, for which Restated Consolidated Financial Information are being included, which individually or cumulatively in value exceeds 5% of the consolidated revenue from operations of the Company for the last completed Fiscal or stub period, if applicable as per the Restated Consolidated Financial Information.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with the SEBI ICDR Regulations.

3. Policy for identification of material creditors

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





- (i) based on the policy on materiality adopted by the Board and as disclosed in the Offer Documents, details of the Company's material creditors including the consolidated number of creditors and the aggregate amount involved; and
- (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.

Additionally, complete details about outstanding overdue to material creditors including the name of such creditor(s) and amount due to such material creditor (as per (i) above) shall be disclosed on the website of the Company with the relevant web link included in the Offer Documents, as applicable.

For the purposes of identification of material creditors, 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 the amount due to such creditor by the Company is equal to or is in excess of 5% of the consolidated trade payables of the Company as at the end of the most recent period covered in the Restated Consolidated Financial Information.

General

It is clarified that the Policy is solely for the purpose of disclosure requirements in Offer Documents prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose including for disclosure of material information by listed entities pursuant to the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, post listing of the equity shares.

The Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any other regulatory, judicial, quasi-judicial, 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.

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

All capitalised terms used but not specifically defined in this Policy shall have the same meaning as ascribed to them in the Offer Documents.

