



AJ Packaging Limited

Regd. Office: Plot No. 120, CIE, Gandhi Nagar, Balanagar, Hyderabad - 500037, Telangana

CIN: U74999TG1995PLC020965

MATERIALITY POLICY

This materiality policy ("**Policy**") has been formulated to define the materiality thresholds in respect of the proposed initial public offering of the equity shares of A J Packaging Limited ("**Company**", and such issuance, "**Issue**"), pursuant to the disclosure requirements under Schedule VI of 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 of the Company;
- B. Identification of 'material' outstanding litigation (in addition to all criminal proceedings, actions by statutory/ regulatory authorities and taxation matters) involving the Company, its promoters, its subsidiaries/associates and its directors (collectively, "**Relevant Parties**"); and
- C. Identification of 'material' creditors of the Company.

APPLICABILITY

The board of directors of the Company ("**Board**") at their meeting held on 02nd February, 2026 discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board. In this Policy, "**Issue Documents**" means the draft red herring prospectus, the red herring prospectus and the prospectus (each along with any addenda or corrigenda, thereto), as applicable, to be filed by the Company, in connection with the Issue, with the Securities and Exchange Board of India ("**SEBI**"), the Registrar of Companies, Hyderabad at Telangana and 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 Issue Documents.

A. Identification of material companies to be disclosed as group companies of the Company

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies of an issuer company include

- (i) such companies (other than promoter and subsidiaries of the issuer company) with which there were related party transactions, during the period for which financial information is disclosed in the Issue Document(s), as covered under the applicable accounting standards; and
- (ii) other companies as considered 'material' by the board of directors of the issuer company.

Policy on materiality:

For the purpose of disclosure in the Issue Documents, the following shall be considered as 'Group Companies' of the Company:

- (i) such companies (other than the corporate promoter and subsidiaries of the Company) with which there were related party transactions, during the period for which the restated consolidated financial information is disclosed in the Issue Documents, as covered under Ind AS 24, shall be considered as group companies of the Company.



It is further clarified that, for the purposes of (i) above, a company which was a subsidiary for any of the relevant periods included in the restated consolidated financial information but has ceased to be a subsidiary of the Company post any of the relevant periods included in the restated consolidated financial information, shall be considered as a group company of the Company if it continued to be a related party post ceasing to be a subsidiary and there were related party transactions with such company during the period for which restated consolidated financial information is disclosed in the Issue Documents, as covered under applicable accounting standards.

(ii) such companies (other than the corporate promoter and subsidiaries of the Company and companies categorized under (i) above) shall be considered material, if (a) such companies are a part of the 'promoter group' (in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations), and with which the Company has had one or more transactions in the most recent financial year or the relevant stub period, as applicable, as disclosed in the restated consolidated financial information included in the Issue Documents, exceeds individually or in the aggregate, 10.00% of the total restated consolidated revenue from operations of the Company for the most recent financial year or stub period, as the case may be, for which restated consolidated financial information are included in the Issue Documents.

Identification of 'material' litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company must disclose the following outstanding litigation involving the Relevant Parties in the Issue Documents:

- (i) all criminal proceedings;
- (ii) all actions by regulatory authorities and statutory authorities (including all penalties and show cause notices);
- (iii) Disciplinary actions including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years, preceding the date of the Issue Documents, including outstanding actions;
- (iv) All outstanding claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount involved; and
- (v) other pending litigations (including civil or arbitration proceedings) based on the lower of threshold criteria mentioned below –
 - (a) As per the policy on materiality defined by the Board and disclosed in the Issue Documents; or
 - (b) 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 consolidated financial statements of the Company; or
 - b. two percent of net worth, as per the latest annual restated consolidated financial statements 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 annual restated consolidated financial statements of the Company.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which have a material impact on the Company. Any pending litigation involving the group companies (as identified above) would be



considered to have a 'material impact' on the Company for the purpose of disclosure in the Issue Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, prospects, operations, performance, financial position or reputation of the Company in accordance with provisions of the SEBI ICDR Regulations.

Additionally, in accordance with the SEBI ICDR Regulations, the Company shall also disclose the following outstanding legal proceedings in the Issue Documents: (i) all criminal proceedings involving the key managerial personnel and senior management of the Company; and (ii) all actions by regulatory and statutory authorities against the key managerial personnel and senior management of the Company.

Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, any other outstanding litigation or arbitration proceedings involving the Relevant Parties (including tax litigation mentioned in (iv) above) would be considered 'material' for the purpose of disclosure in the Issue Documents, if:

(a) the monetary amount of claim/amount in dispute, to the extent quantifiable, involved in any such outstanding litigation or arbitration proceedings exceeds:

(a) two percent of turnover, as per the latest annual restated consolidated financial statements of our Company; or

(b) two percent of net worth, as per the latest annual restated consolidated financial statements of our 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 annual restated consolidated financial statements of our Company, whichever is lower; or

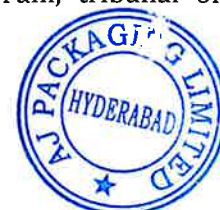
(b) where the monetary liability is not quantifiable or lower than the threshold specified in (a) above any outstanding litigation/arbitration proceedings,

(i) where the outcome could materially and adversely affect the Company's business, prospects, operations, performance, financial position or reputation; or

(ii) 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) above, even though the amount involved in an individual matter may not exceed the amount as specified in (a) above; or

(c) In the event any tax matters involve an amount exceeding the monetary threshold proposed in (a) above or fulfills any of the conditions under (b) above, in relation to the Relevant Parties, individual disclosures of such tax matters will be included.

It is clarified that: (a) first information reports (FIRs) (whether cognizance has been taken or not) initiated against the Relevant Parties shall also be disclosed in the Issue Documents; and (b) pre-litigation notices received by any of the Relevant Parties or Group Companies from third parties (excluding those notices issued by any regulatory, government, tax or statutory authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as outstanding material litigation and accordingly not be disclosed in the Issue Documents until such time that Relevant Parties or Group Company, as applicable, are impleaded as defendants in litigation proceedings before any judicial or arbitral forum, tribunal or government authority.



C. Identification of material creditors

Requirement:

As per the requirements of the SEBI ICDR Regulations, the company shall make relevant disclosures in the Issue Documents and on its website for outstanding dues to creditors as follows:

- (i) based on the policy on materiality defined by the board of directors of the issuer company, details of the material creditors which include the consolidated number of creditors and the aggregate amount;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprises ("MSME") and other creditors, separately giving details of number of cases and aggregate amount; and
- (iii) complete details about outstanding over-dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the issuer company with a web link thereto in the Issue Documents.

Policy on materiality:

For 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 Issue Documents and on the website of the Company, if amounts due to such creditor by the Company is equal to or in excess of 5.00% of the consolidated trade payables of the Company as at the end of the most recent financial period covered in the restated consolidated financial information included in the Issue Documents.

GENERAL

It is clarified that this Policy is solely for the purpose of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Issue 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 under the Companies Act, 2013 and the rules thereunder or 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 Issue Documents, or additional disclosures that may arise on account of any investor or other complaints.

This Policy shall be subject to review/changes as may be deemed necessary by the Board/ IPO Committee and in accordance with regulatory amendments from time to time.

For A J Packaging Limited


L. Sneha Chary
Company Secretary
M.No; 62017

