MATERIALITY POLICY OF S. D. INTERNATIONAL LIMITED

The policy is adopted by the Board of Directors in their meeting held on September 11, 2026

MATERIALITY POLICY

This materiality policy ("**Policy**") has been formulated to define the respective materiality thresholds in respect of S.D. International Limited (the "**Company**"), 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 and litigation involving the group companies of the Company which have a material impact on the Company;

B. Identification of 'material' outstanding litigation involving Company, its promoters, and its directors, and its subsidiaries (in addition to the 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 September 11, 2026 discussed and approved the said Policy. This Policy shall be effective from the date of its approval by the Board.

In this Policy, "**Offer Documents**" means the draft red herring prospectus, the red herring prospectus and the prospectus (each along with any addenda or corrigenda, thereto) to be filed 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, Uttar Pradesh I at Kanpur and the BSE Limited and the National Stock Exchange of India Limited, (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:

As per Regulation 2(1)(t) of the SEBI ICDR Regulations, group companies include (i) such companies (other than the promoters and subsidiaries of such company) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under the applicable accounting standards; and (ii) other companies as considered 'material' by the Board.

With respect to point (ii), companies (other than the companies covered under (i) above) which are identified based on the policy on materiality specified below, shall be disclosed in the Offer Documents.

Policy on materiality:

For the purpose of disclosure in the Offer Documents, the following shall be considered material and shall be disclosed as a 'Group Company' (a) if such company is a member of the 'promoter group' (as defined under the SEBI ICDR Regulations) of the Company; and (b) with which the Company has entered into one or more transactions during the last completed fiscal year or relevant stub period, if any, and such transactions, individually or cumulatively, in value exceed 10% of the total revenue of the Company in the last completed fiscal year, as per the restated financial information included in the Offer Documents.

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

The relevant financial information of the group companies identified, based on the above approach, will be disclosed on the website of respective group companies in accordance with the SEBI ICDR Regulations.

B. Identification of 'material' litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company must disclose the following outstanding litigation involving the Company, its directors, its promoters and its subsidiaries (collectively "**Relevant Parties**"):

(i) all outstanding criminal proceedings (including matters at FIR stage where no/some cognizance has been taken by any court);

(ii) all outstanding actions by regulatory authorities and statutory authorities;

(iii) disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years preceding the relevant Offer Document including any 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 litigation or arbitration proceedings as per policy of materiality defined by the Board.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose outstanding (i) criminal proceedings and (ii) actions taken by regulatory or statutory authorities, against any Key Managerial Personnel and Senior Management of the Company.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies, the outcome of which has 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 Offer 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.

Pre-litigation notices received by any of the Relevant Parties, Key Managerial Personnel, Senior Management, from third parties (excluding those notices issued by statutory / regulatory / governmental / tax / judicial/ quasi-judicial authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as litigation and accordingly not be disclosed in the Offer Documents until such time that Relevant Parties, Key Managerial Personnel, Senior Management, as applicable, are impleaded as defendants in litigation proceedings before any judicial or arbitral forum.

Policy on materiality:

(1) *Material Litigation involving the Relevant Parties*

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

i. **Monetary threshold:** the monetary amount of claim/ dispute, to the extent quantifiable, involved in any such outstanding litigation is equivalent to or in excess of (a) two percent of turnover, for the most recent financial year based on the restated financial information included in the Offer Documents; or (b) two percent of net worth, as at the end of the most recent financial year based on the restated financial information included in the Offer Documents; 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 included in the Offer Documents, whichever is lower. or

ii. **Subjective threshold**: any outstanding litigation, where the monetary impact is not quantifiable or lower than the threshold specified in (i) above, but an adverse outcome of which (including any litigation under the Insolvency and Bankruptcy Code, 2016), in the opinion of the Board, would materially and adversely affect the Company's business, prospects, operations, performance, financial position or reputation; or all outstanding litigation, where the decision in one case is likely to affect the decision in similar cases such that the cumulative amount involved in such cases exceeds the threshold as specified in (i) above even though the amount involved in an individual litigation may not exceed the threshold as specified in (i) above.

iii. **Tax matters**: any tax litigation which involves a claim amount greater than the monetary threshold as defined above, will also be disclosed individually.

iv. Outstanding proceedings under Section 138 of the Negotiable Instruments Act, 1881, shall be disclosed in a consolidated manner, giving the number of cases and total amount. In the event any matter involves an amount exceeding the monetary threshold proposed in (i) above, in relation to the Relevant Parties, individual disclosures of such matters will be included.

(2) *Material litigation involving the group companies*

Any pending litigation involving the group companies, as identified in accordance with provisions of SEBI ICDR Regulations and this Policy, would be considered to have a 'material impact' on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome, in the opinion of the Board, from such pending litigation would materially and adversely affect the business, operations, performance or financial position or reputation of the Company. All group companies are required to identify in their certificates pending litigation involving such companies which are considered material by the respective group company and which, in their view may have a material impact on the Company. Having received details of such litigation from the group companies, the Company (acting through its Board/IPO Committee) will determine which of such identified litigation may have 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 ("**MSME**") 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 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 Company with a web link thereto in the Offer Documents.

For outstanding dues to MSME and other creditors, the disclosure will be based on information available with the Company regarding the status of the creditors 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.

Policy on materiality:

For identification of a material creditor in terms of (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents and the website of the Company, if amounts due to such creditor is equivalent to or in excess of 5% of the trade payables of the Company as at the end of the most recent financial period covered in the restated financial information included in the Offer 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 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.

The 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 Offer 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 and in accordance with regulatory amendments from time to time.