LAXMI SECURITY (GUJARAT) LIMITED

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IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS, AND MATERIAL LITIGATION

❖ BACKGROUND

Laxmi Security (Gujarat) Limited ("the Company") is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner.

This Policy has been formulated to define the materiality for identification of group companies, outstanding litigation and outstanding dues to creditors in respect of ***Laxmi Security (Gujarat) 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 compliance of the above Regulations, the Board of ***Laxmi Security (Gujarat) Limited*** ("Company") has adopted this policy.

❖ EFFECTIVE DATE

The Policy shall come into force with effect from the date of listing of the equity shares of ***Laxmi Security (Gujarat) Limited*** (the "Company") on SME Platform of BSE Limited ("**BSE SME**").

❖ APPLICABILITY AND OBJECTIVE

- This policy shall be called the '**Policy on Identification of Material Group Companies, Material Creditors and Material Litigations'("Policy").**
- The Board of Directors of the Company ("Board") at their meeting held on April 06, 2026 discussed and approved this Policy. This Policy shall be effective from the date of approval of this Policy by the Board.
- The Company has adopted this Policy for identification and determination of: (i) material creditors; (ii) material litigations and (iii) Group Companies pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the Offer Documents.
- "**Offer Documents**" means the Draft Prospectus and the Prospectus 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, Registrar of Companies, Ahmedabad at Gujarat ("ROC") and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.
- All other capitalized terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.
- In this Policy, unless the context otherwise requires:
- Words denoting the singular shall include the plural and vice versa.
- References to the words "include" or "including" shall be construed without limitation.

❖ POLICY PERTAINING TO THE IDENTIFICATION OF MATERIAL GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS

The Materiality Policy with respect to the identification of the material group companies, material creditors and material litigation shall be as follows:

<u>Identification of 'Material' Group Companies:</u>

- Requirement:

  As per the requirements of the SEBI ICDR Regulations, Group Companies include such companies as covered under the applicable accounting standards (i.e. Indian Accounting Standard 24 ("Ind AS 24"), as applicable) as per the **restated financial statements for three (3) financial years and any subsequent stub period preceding the date of the Offer Document**, which is included in such Offer Document and also any other companies as considered material by the board of directors of the Company.

- Policy on Materiality:

  For the purpose of identification and disclosure of Group Companies in connection with the Offer, a company or other entity shall be considered material and disclosed as a Group Company if such company or entity forms part of the Promoter Group of our Company and our Company has entered into one or more transactions with such company or entity during the most recently completed Financial Year included in the Restated Financial Statements, which transactions, individually or in the aggregate, **exceed 10% of the revenue of our Company** for such Financial Year, as derived from the Restated Financial Information.

For avoidance of doubt, it is hereby clarified that the Subsidiaries shall not be considered as Group Companies for the purpose of disclosure in the Offer Documents.

<u>Identification of Material Creditors</u>

- Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents for outstanding dues to creditors:

i. Based on the policy on materiality defined by the Board of Directors of the Company and as disclosed in the Offer Document, disclosure for such creditors which include the consolidated number of creditors, and the aggregate amount involved.;

ii. Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved; 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, 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 amounts due to such creditor are **equivalent to or in excess of 5% of the total trade payables of the Company** as per the latest **Restated Financial Statements** of the Company, as disclosed in the Offer Documents.

- Disclosures in offer document regarding material creditors

i. For creditors identified as 'material' based on the above-mentioned Policy, information on outstanding dues to such material creditors shall be disclosed in the Offer Documents along with details of number of creditors and amount involved on an aggregate basis, as of the date of the latest restated financial statements included in the Offer Document.

ii. For outstanding dues to micro, small and medium enterprises ("MSMEs"), the disclosure will be based on information available with the Company regarding the status of the creditors as MSMEs as defined under Section 2 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. Information for such identified MSMEs creditors shall be provided in the Offer Documents in the following manner:

a) aggregate amounts due to such MSME creditors; and

b) aggregate number of such MSME creditors.

As of the date of the latest restated financial statements included in the Offer Document.

Complete details about outstanding over dues to the material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of our Company with a web link in the Offer Documents.

The Company shall make relevant disclosures before the Audit Committee/ Board of directors as required by applicable law from time to time.

Identification of Material Litigation

- Requirement:

In accordance with the requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company shall disclose in the Offer Documents all outstanding litigations involving the Company, its Directors, Subsidiaries, Group companies, Associates, Promoters, KMP and SMP, as applicable, which are considered material in accordance with the materiality policy adopted by the Board of Directors of the Company.

For the purpose of identification of material litigation, the following criteria shall be considered:

a) any outstanding litigation or arbitration proceeding involving the Company, its Directors, Subsidiaries, Group companies, Associates, Promoters, Key Managerial Personnel, Senior Management Personnel or Group Companies, as applicable, where the aggregate monetary claim made by or against such parties in any such pending litigation or arbitration proceeding exceeds the lower of:

i. **2% of the turnover**, as per the latest annual Restated Financial Information of the Company; or

ii. **2% of the net worth**, as per the latest annual Restated Financial Information of the Company, except where the arithmetic value of the net worth is negative; or

iii. **5% of the average of the absolute value of profit or loss after tax**, as per the last three annual Restated Financial Statements of the Company.

b) any outstanding litigation or arbitration proceeding where the monetary liability is not quantifiable or which does not meet the monetary threshold specified in clause (a) above, but where the outcome of such litigation or arbitration proceeding could, nonetheless, have a **material adverse effect on the business, operations, performance, prospects, financial position, cash flows or reputation** of the Company;

c) any outstanding litigation or arbitration proceeding where a decision in one proceeding is likely to affect the outcome of similar proceedings, which, individually or collectively, could have a material adverse effect on the business, operations, performance, prospects, financial position, cash flows or reputation of the Company, notwithstanding that the monetary amount involved in any individual proceeding may not meet the threshold specified in clause (a) above.

❖ AMENDMENT

The Board (including its duly constituted committees wherever permissible), 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 be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

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