



LAXMI DENTAL LIMITED

formerly known as Laxmi Dental Export Private Limited

Registered Office: 103, Akruiti Arcade, Opposite A H Wadia High School, Near Azad Nagar Metro Station, Andheri (West), Mumbai – 400058.

Tel: 022 61437991 | **Email:** info@laxmidentallimited.com | **Website:** www.laxmidentallimited.com

CIN No: U51507MH2004PLC147394 | **GST No:** 27AABCL0001A1ZL

MATERIALITY POLICY

1. Introduction

- 1.1 This materiality policy (“**Policy**”) has been formulated for the identification of (i) material outstanding litigation involving Laxmi Dental Limited (“**Company**”), its Subsidiaries, its Directors and its Promoters, as applicable; (ii) companies to be considered as Group Companies and (iii) outstanding dues to creditors of the Company and pursuant to the disclosure requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”).
- 1.2 This Policy shall be effective from the date of approval of the Policy by the board of directors of the Company (“**Board**”).
- 1.3 In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus to be filed and/or submitted 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, Maharashtra, at Mumbai and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.
- 1.4 All capitalised terms not specifically defined in this Policy shall have the same meaning ascribed to such terms in the Offer Documents.

2. Identification of Group Companies

2.1 Requirement

As per the SEBI ICDR Regulations, the term “Group Companies”, is defined to include “such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer”.

In light of this requirement, subject to paragraph 2.2, the following companies are to be treated as Group Companies of the Company:

- (i) companies (other than promoter(s) and subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in the relevant Offer Document (the “**Relevant Period**”), as covered under Indian Accounting Standard (Ind AS) 24 (collectively, “**Accounting Standards**”); and
- (ii) companies considered to be material by the Board, in terms of the policy laid down in paragraph 2.2.

2.2 Policy on materiality

Based on the above-stated definition, for the purposes of paragraph 2.1(i) all such companies (other than 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.

Certified True Copy
Nupur

Nupur Joshi
Company Secretary, Compliance
officer and legal
Membership No. A43768



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Based on the above-stated definition, for the purposes of paragraph 2.1(ii), a company shall be considered 'material' and will be disclosed as a 'Group Company' in the Offer Documents, if a company is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more transactions with the Company (on a consolidated basis) in the most recent financial year and/or the relevant stub period (covered in the Restated Consolidation Financial Information included in the Offer Documents) that individually or cumulatively exceeds 5.00% of the total revenue of the Company, as per the Restated Consolidated Financial Information of the Company for the most recent financial year and/ or the relevant stub period.

3. Identification of 'Material' Litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters)

3.1 Requirement

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of outstanding litigation involving the Company, its Subsidiary, Directors and Promoters:

- (i) All outstanding criminal proceedings (including matters which are at the FIR stage even if no cognizance has been taken by any court);
- (ii) All outstanding actions (including penalties and show cause notices) by statutory and/ or regulatory authorities;
- (iii) All outstanding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount involved in such cases. If a tax matter involves an amount exceeding the threshold proposed in (a) below, in relation to each Relevant Party, a separate disclosure of such tax matter will be included; and
- (iv) Other pending litigation (including civil litigation and arbitration proceedings) – As per 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; and (b) outstanding litigation involving any of the Group Companies, which may have a material impact on the Company, as applicable.

3.2 Policy on materiality

Other than litigations mentioned in paragraphs 3.1 (i), (ii) and (iii) above, any other pending litigation involving the Company and/or its Subsidiaries, its Directors and Promoters shall be considered "material" for the purpose of disclosure in the Offer Documents if:

- (i) the monetary amount of claim involved, whether by or against the Company, its Subsidiaries, Directors, or Promoters, in any such pending litigation is in excess of the lower of (i) 2% of the net worth of the Company as per the Restated Consolidated Financial Information as at the end of the preceding financial year ; (ii) 2% of turnover of the Company as per the Restated Consolidated Financial Information as at the end of the preceding financial year; or (iii) 5% of the average of absolute value of profit/loss after tax of the Company as per Restated Consolidated Financial Information for the preceding three financial years disclosed in the relevant Offer Documents (the "**Materiality Threshold**");



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- (ii) pending litigations where the decision in one case is likely to effect the decision in similar cases such that the cumulative amount involved in such cases exceeds the Materiality Threshold, even though the amount involved in an individual litigation may not exceed the Materiality Threshold; or
- (iii) Any outstanding civil litigation/ arbitration proceedings involving the the Company, its Subsidiaries, Directors, or Promoters wherein the monetary liability is not quantifiable, or does not exceed the Threshold, shall be considered 'material' and shall be disclosed in the Offer Documents, if the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.
- (iv) It is clarified that: (a) first information reports (whether cognizance has been taken or not) initiated against the Company, its Subsidiaries, Directors, or Promoters shall also be disclosed in the Offer Documents; and (b) pre-litigation notices received by the Company, its Subsidiaries, Directors, or Promoters from third parties (excluding those notices issued by statutory/ regulatory/governmental or notices threatening criminal action) shall not be considered as litigation until such time that the Relevant Parties are impleaded as defendants/ parties in litigation/ arbitration proceedings before any judicial/ arbitral forum.

[2% of the net worth , as per the Restated Consolidated Financial Information for Fiscal 2024 is ₹ 8.92 million, 2% of the turnover, as per the Restated Consolidated Financial Information as at March 31, 2024 is ₹ 38.71 million and 5% of the average of absolute value of profit or loss after tax, as per the Restated Consolidated Financial Information for the last three Fiscals is ₹ 7.81 million. Accordingly, ₹ 7.81 million has been considered as the materiality threshold for the purpose of (a) above.] *[IndusLaw Note: Subject to the receipt of the finalised restated financial statements.]*

3.3 Group companies' litigation

In addition to the litigation specified in 3.1 and 3.2, in accordance with the SEBI ICDR Regulations, the Company is also required to disclose any pending litigation involving its group companies (as identified under Paragraph 2 above, hereinafter "**Group Companies**"), which has a material impact on the Company. All Group Companies will 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.

For the purposes of above, it is clarified that: (a) first information reports (whether cognizance has been taken or not) initiated against the Group Companies shall also be disclosed in the Offer Documents; and (b) pre-litigation notices received by the Group Companies from third parties (excluding those notices issued by statutory/ regulatory/governmental or notices threatening criminal action) shall not be considered as litigation until such time that the Relevant Parties are impleaded as defendants/ parties in litigation/ arbitration proceedings before any judicial/ arbitral forum.



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4. Identification of 'Material' Creditors

4.1 Requirement

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

- (i) based on the policy on materiality of the Board details of creditors which includes consolidated number of creditors and the aggregate amount involved;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprise and other creditors, separately giving details of number of cases and amount involved; and
- (iii) complete details about outstanding overdues to material creditors along with the name and amount involved for each such material creditor (as per (i) above) shall be disclosed on the website of the Company with web link included in the Offer Documents, as applicable..

4.2 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 is equal to or exceeds 5.00% of the total consolidated trade payables of the Company as of the end of the most recent period covered in the [Restated Consolidated Financial Information].

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

5. General

It is clarified that the Policy is solely from the perspective 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, post listing of the equity shares of the Company.

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. This policy shall be without prejudice to any additional disclosure requirement which may be prescribed by SEBI and/or the Stock Exchanges and/ or any 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 disclosures that may arise from any investor or other complaints.

Certified True Copy
Nupur

Nupur Joshi
Company Secretary, Compliance
Officer and Legal
Membership No. A43768