

POLICY ON IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS

INTRODUCTION

This policy (the "Policy") has been formulated to define the respective materiality policies in respect of Autofurnish 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 (the "SEBI ICDR Regulations"), in respect of the following:

- A. Identification of material companies to be disclosed as Group Companies;
- B. Identification of material litigation (excluding criminal proceedings, actions by statutory/regulatory authorities, disciplinary actions against the promoters and taxation matters); and
- C. Identification of material outstanding dues to creditors.

APPLICABILITY

This Policy shall be effective from the date of approval of the Policy 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 and any addendum or corrigendum thereto, 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 ("SEBI"), Registrar of Companies (the "RoC") and/or stock exchanges where the equity shares of the Company are proposed to be listed (the "Stock Exchanges"), as applicable.

All other capitalised terms not specifically defined in this Policy shall have the meanings ascribed to such terms in the Offer Documents.

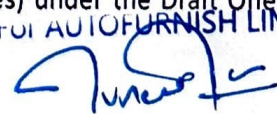
A. Identification of material companies to be disclosed as Group Companies

Requirement:

As per the requirements of the SEBI ICDR Regulations, "Group companies", wherever the term occurs, shall include such companies (other than promoter(s) and subsidiary/ subsidiaries) with whom there have been related party transactions, reported during the period for which the financial information is required to be disclosed in the Draft Offer Document and Offer Document as per SEBI ICDR Regulations, as covered under the applicable accounting standards, and also other companies as considered material by the Board. The policy on materiality for determination of such companies as considered material by the Board, as below, shall be disclosed in the Draft Offer Document and Offer Document.

Policy on Material Group Companies:

The following companies shall be considered to be material Group Company(ies) under the Draft Offer Document and Offer Document:

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A company (other than the companies covered under the schedule of related party transactions as per the Restated Financial Statements),

- (i) if it is a member of the Promoter Group (companies) (other than the Promoters) in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and;
- (ii) Our Company has entered into one or more transactions with such company during the last completed Fiscal (or relevant Stub period, if applicable), which individually or cumulatively in value exceeds 5% of the revenue from operations of the Company for the last completed Fiscal as per the Restated Financial Statements. For the avoidance of doubt, it is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other applicable authority with respect to listed companies and that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Draft Offer Document and Offer Document and should not be applied towards any other purpose.

B. Identification of material litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Company, its directors, its promoters and its subsidiary (collectively the "Relevant Parties") in the Offer Documents:

- (i) all outstanding criminal proceedings;
- (ii) all outstanding actions by regulatory authorities and statutory authorities;
- (iii) all outstanding claims related to direct and indirect tax matters to be disclosed in a consolidated manner, giving details of number of cases and total amount; and
- (iv) any other pending litigation, involving the Relevant Parties, which is determined to be material by the Board; or
- (v) pending litigation involving each of the Group Companies which may have a material impact on the Company.

Policy on materiality:

For the purpose of identification of point (iv) above, any pending litigation (including arbitration proceedings) involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- i) if the aggregate amount involved in such individual litigation, to the extent quantifiable, exceeds 5% of the Company's profit after tax for the most recently completed fiscal year, as per the Restated Consolidated Financial Statements; or
- ii) where the monetary impact is not quantifiable or the amount involved may not exceed the materiality threshold set out under (i) above, but where an adverse outcome in any litigation would materially and adversely affect our Company's business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.

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Further, disciplinary actions (including penalty) imposed by SEBI or recognized stock exchanges against the promoters in the last five financial years immediately preceding the date of the relevant Offer Document, including outstanding action shall be disclosed in the Offer Document.

It is clarified that for the purposes of the Materiality Policy, pre-litigation notices (other than those issued by governmental, statutory or regulatory, judicial authorities) received by the Relevant Parties shall in any event not be considered as litigation until such time that Relevant Parties are made a party to proceedings initiated before any court, tribunal or governmental, statutory authority or any judicial authority, or is notified by any governmental, statutory or regulatory or any judicial authority of any such proceeding that may be commenced.

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents or by SEBI and/or such other applicable 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. In this regard, it is clarified that the above policy on materiality 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.

C. Identification of material outstanding dues to creditors

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 of the Board of the Company, details of creditors which include the consolidated number of creditors and the aggregate amount involved;
- (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; 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 with respect to outstanding dues to creditors:

For the purpose of identification of material creditors for disclosure in the Offer Documents in terms of point (i) above, a creditor of the Company to whom an amount having a monetary value which exceeds 5% of the total trade payables of the Company as per the for the last completed Fiscal and its Stub-period shall be considered 'material' and disclosed in the Offer Documents.

It is clarified that the above policy on materiality of creditors shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such other applicable authority with respect to

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listed companies and the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and the website of the Company and should not be applied towards any other purpose.

Adopted by Board of Directors in its meeting held on 05th September, 2025

For AUTOFURNISH LIMITED



Director