

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

A. Preamble

This Policy has been formulated to identify the materiality of outstanding litigation, outstanding dues to material creditors and group companies, in respect of ISSPL Limited (formerly known as “*IRClass Systems and Solutions Limited*” and “*IRClass Systems and Solutions Private Limited*”) (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as may be amended from time to time (“**SEBI ICDR Regulations**”).

B. Background

This policy shall be called the ‘Policy on Identification of material creditors, material litigations and group companies’ (“**Materiality Policy**”).

The Board of Directors of the Company (“**Board**”) at their meeting held on July 28, 2026 discussed and approved this Materiality Policy.

C. Objective

The Company has adopted this Materiality Policy for identification and determination of:

- (i) material creditors;
- (ii) material litigations; and
- (iii) group companies;

pursuant to the provisions of the SEBI ICDR Regulations, details of which shall be disclosed in the Issue Documents.

D. Definition

“Act”	shall mean the Companies Act, 2013 and any Rules, regulations, circulars, notifications or orders issued thereunder, as may be amended from time to time;s
“Applicable Law”	shall mean any law, rules, circulars, guidelines or regulations issued by the Securities and Exchange Board of India (“ SEBI ”) and the Ministry of Corporate Affairs (“ MCA ”);
“Board”	shall mean the Board of Directors of the Company;
“Company”	shall mean ISSPL Limited (formerly known as “ <i>IRClass Systems and Solutions Limited</i> ” and “ <i>IRClass Systems and Solutions Private Limited</i> ”);
“Director”	shall mean a Director of the Company and the word “Directors” shall be construed accordingly;
“Issue Documents”	shall mean the Draft Red Herring Prospectus to be filed by the Company with the SME platform of the BSE Limited, and the Red Herring Prospectus and the Prospectus to be filed by the Company with the SEBI and the Registrar of Companies, Maharashtra at Mumbai, in connection with the proposed initial public offering of its equity shares;
“IPO Committee”	shall mean the committee constituted by the Board for matters relating to the proposed initial public offering of the Company;
“Key Managerial Personnel”	shall have the same meaning as ascribed to the term under Section 2(51) of the Act and Regulation 2(1)(o) of the SEBI Listing Regulations;

“Policy” or “Materiality Policy” shall mean this Policy on Identification of Material Creditors, Material Litigations and Group Companies;

“Promoter” shall have the meaning assigned to such term under the SEBI ICDR Regulations.

“SEBI ICDR Regulations” shall mean the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, including any modification(s), amendment(s) or re-enactment(s) thereof and any notifications, orders, circulars or clarifications, issued thereunder;

“SEBI Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015, including any modification(s), amendment(s) or re-enactment(s) thereof and any notifications, orders, circulars or clarifications, issued thereunder;

“Stock Exchange” shall mean a recognized stock exchange, as defined under Section 2(f) of the Securities Contracts (Regulation) Act, 1956, on which Equity shares of the Company are proposed to be listed.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or the SEBI Listing Regulations and/or the SEBI ICDR Regulations and/or the Issue Documents.

In this Policy, unless the context otherwise requires:

- (i) Words denoting the singular shall include the plural and vice versa.
- (ii) References to the words "include" or "including" shall be construed without limitation.

E. Identification & Disclosure of Material Creditors

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company must make the following disclosures in the Issue Documents for outstanding dues to creditors:

- (i) based on the policy on materiality defined by the Board, 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 overdues to material creditors along with the name and amount involved for each such material creditor shall be disclosed and on the website of the Company with a web link thereto in the Issue Documents.

Criteria of materiality:

For identification of material creditors, in terms of point (i) above, a creditor of the Company shall be considered to be material, if the amounts due to such creditors is equal to or in excess of 5% of the consolidated trade payables of the Company as at the end of the latest period included in the restated consolidated Financial Statements.

Criteria of Disclosures of material creditors:

- (i) For creditors identified as ‘material’, consolidated number of creditors and amount involved on an aggregate basis, as at the end of the latest period included in the restated consolidated Financial Statements.
- (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, and 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 Issue Documents in the following manner:

- (i) aggregate amounts due to such MSME creditors; and
- (ii) aggregate number of such MSME creditors as at the end of the latest period included in the restated consolidated Financial Statements;

The Company shall make relevant disclosures before the Audit Committee/ Board/ any Committee of the Company authorised in this regard, as required by Applicable Law from time to time.

F. Identification & Disclosure of Material Litigation

Requirement:

- (1) As per the requirements of the SEBI ICDR Regulations, the Company shall disclose all pending litigations involving the Company, its subsidiaries, Promoter and Directors, related to:
 - (i) criminal proceedings;
 - (ii) actions by statutory and regulatory authorities;
 - (iii) disciplinary action, including penalty imposed by SEBI or Stock Exchanges against the Promoter in the last five financial years, including any outstanding action;
 - (iv) claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;
 - (v) other pending litigations as per the Materiality Policy, where the value or expected impact in terms of value, exceeds the lower of the following:
 - (a) two percent of turnover, as per the last audited consolidated financial statements (annual restated) of the Company; or
 - (b) two percent of net worth, as per the last audited consolidated financial statements (annual restated) 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 audited consolidated financial statements (annual restated) of the Company.
- (2) All criminal proceedings involving key managerial personnel and senior management of the Company and also the actions by regulatory authorities and statutory authorities against such Key Managerial Personnel and senior management.
- (3) Additionally, in terms of the SEBI ICDR Regulations, the Company must disclose any outstanding litigation involving the group companies, which may have a material impact on the Company. For the purpose of determining the outstanding litigation involving the group companies, which may have a material impact on the Company, the "*Criteria of materiality*" specified below shall apply.

Criteria of materiality:

For the purpose of point (v) above, any other pending litigation involving the Company, group company, subsidiaries, Promoter and Directors shall be considered "material" for the purpose of disclosure in the Issue Documents if:

- (i) the monetary amount of the claim made by or against the Company, its subsidiaries, Promoter or Directors in any such pending litigation is equal to or in excess of 5% (five percent) of the profit after tax, as per the latest annual restated consolidated Financial Statements of the Company;
- (ii) the decision in one litigation is likely to affect the decision in similar litigations; even though the amount involved in an individual litigation does not exceed the amount determined as per point (i) above, but the amount involved in all of such litigations taken together exceeds the amount determined as per point (i) above; and
- (iii) any such litigation, which does not meet the criteria set out in points (i) or (ii) above but an adverse outcome of which would materially and adversely affect the operations or financial position of the Company.

G. Identification of Group Companies

As per Regulation 2(1)(t) of the SEBI ICDR Regulations, the term ‘group companies’ include:

- (i) such companies (other than promoter(s) and subsidiary(ies)) with which the issuer company had related party transactions during the period for which financial information is disclosed in the Issue Documents (*last three years*), as covered under the applicable accounting standards; and
- (ii) any other company considered material by the board of directors of the issuer.

Therefore, for disclosure in the Issue Documents, a company (other than the subsidiary and promoter company) will be considered and disclosed as a group company if:

- (i) the Company has had related party transactions with such (group) companies, during the period for which financial information is disclosed in the Issue Documents, as covered under the Indian Accounting Standard (Ind AS) 24; or
- (ii) any other company as considered material by the Board or a committee authorised by the Board in this regard.*

*A company is considered to be a group company if a material adverse change in such company may, in the opinion of the Board (or a committee authorised by the Board in this regard), have a material adverse effect on the revenues or profitability of the Company.

H. Review and Amendment

- (1) The Board or the IPO Committee shall have the power to amend any provision of this Materiality Policy, substitute any provision with a new provision or replace this Materiality Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the Applicable Law.
- (2) In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities to the Applicable Law, not being consistent with the provisions of this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.
- (3) Any amendment to the SEBI ICDR Regulations shall *mutatis mutandis* be deemed to have been incorporated in this Policy, wherever applicable.

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