

DHANLAXMI CROP SCIENCE LIMITED

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POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS



❖ INTRODUCTION

This Policy has been formulated to define the materiality for identification of outstanding material litigation and outstanding dues to material creditors in respect of Dhanlaxmi Crop Science Limited and its Directors (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 may be amended from time to time ("SEBI ICDR Regulations").

❖ APPLICABILITY AND OBJECTIVE

This policy shall be called the 'Policy on Identification of Material Creditors and Material Litigations("Materiality Policy").

The Board of Directors of the Company ("Board") at their meeting held on 27.07.2024 discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of this Materiality Policy by the Board.

The Company has adopted this Materiality Policy for identification and determination of below, details of which shall be disclosed in the offer documents:

- (i) material creditors; and
- (ii) material litigations pursuant to the provisions of SEBI ICDR Regulations.

In this Materiality Policy, the term "Issue Documents" shall mean the Draft Red Herring Prospectus, Red Herring Prospectus and and the Prospectus to be filed by the Company in connection with the proposed initial public offering of its equity shares on the Emerge Platform of National Stock Exchange of India Limited, stock exchange where the equity shares of the Company are proposed to be listed and the Registrar of Companies.

All other capitalized terms not specifically defined in this Materiality Policy shall have the same meanings ascribed to such terms in the Issue Documents.

In this Materiality 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 CREDITORS AND MATERIAL LITIGATIONS

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

A) Identification of Material Creditors

➤ *Requirement:*

As per requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Issue 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 Issue Document, disclosure for such 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 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 Issue Documents.

➤ *Policy on Materiality:*

For identification of material creditors, in terms of point (i) above, any creditor of our Company having monetary value exceeding ₹ 3.61 lakhs, which is 5% of the total trade payables as on the date of the latest Restated Financial Statements included in this Draft Red Herring Prospectus, shall be considered as 'material'.

Disclosures in the Issue Documents regarding material creditors:-

(i) For creditors identified as 'material' based on the abovementioned Policy, information on outstanding dues to such material creditors shall be disclosed in the Issue Documents along with the details of the material creditors, which include the consolidated number of creditors and amount involved on an aggregate basis, as of the date of the latest restated financial statements included in the Issue Documents.





(ii) For outstanding dues to micro, small and medium enterprises ("MSMEs"), the disclosure will be based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

Information for such identified MSMEs creditors shall be provided in the Issue Documents in the following manner:

- aggregate amounts due to such MSME creditors; and
- aggregate number of such MSME creditors. as of the date of the latest restated financial statements included in the Issue Document

(iii) 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 Issue Documents.

A) Identification of Material Litigations

➤ **Requirement:**

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its material subsidiaries, Promoters, Directors of the Company related to:-

- (i) All criminal proceedings;
- (ii) All actions by statutory / regulatory authorities;
- (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
- (iv) Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (v) Other material pending litigations - as per policy of materiality defined by the Board and disclosed in the Issue Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose any outstanding litigation involving the Group Companies, which may have a material impact on the Company. For the purposes of determining the outstanding litigation involving the Group Companies, which may have a material impact on the Company, the criteria specified under "Policy on materiality" herein below shall apply.





➤ **Policy on Materiality:**

For the purpose of point number (v) above, the total income per the Restated Financial Statements for the period ended March 31, 2024, is ₹ 6,375.08 lakhs. Accordingly, the following types of litigation involving the Relevant Parties have been considered material, and accordingly disclosed, as applicable:-

- (i) pending civil cases involving the Relevant Parties where the claim/ dispute amount, to the extent quantifiable, exceeds 10% of turnover as per the Restated Financial Information for the period ended March 31, 2024 i.e., 637.51 lakhs, or 5% of profit or loss after tax, as per the Restated Financial Statements of our Company for the period ended March 31, 2024 i.e. 23.27 lakhs, whichever is lower, or
- (ii) where monetary liability is not quantifiable or does not exceed the threshold mentioned in point (i) above, the outcome of any such pending proceedings may have a material bearing on the business, operations, or
- (iii) where the monetary liability in the pending civil litigations is not quantifiable or doesn't meet the monetary threshold as provided in (i) above, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of the Company

❖ **AMENDMENT**

The Chairman of the Company in consultation with the Board of Directors shall have the power to amend any of the provisions of this Materiality Policy, substitute any of the provisions with a new provision or replace this Materiality Policy entirely with a new Policy. This Materiality Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

