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

INTRODUCTION

This Policy has been formulated to define the materiality for identification of group companies, outstanding litigation and outstanding dues to creditors in respect of Advance Technoforge 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").

APPLICABILITY AND OBJECTIVE

This policy shall be called as the "Policy on Identification of Group Companies, Material Creditors and Material Litigations' ("Policy").

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 to be filed by the Company in connection with the proposed initial public offering of its equity shares with the SME Platform of the Bombay Stock Exchange Limited i.e. BSE SME, Securities and Exchange Board of India, Registrar of Companies, Mumbai ("RoC").

INTERPRETATION

In this Policy, unless the context otherwise requires:

1) words denoting the singular shall include the plural and vice versa.
2) references to the words "include" or "including" shall be construed without limitation.

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

The policy with respect to the identification of the Group Companies of our Company, Material Creditors and Material Litigation shall be as follows:

1) **Identification of the Group Companies**

   As per the requirements of the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered those companies as our Group companies with which there were related party transactions as per the Restated Financial Statements of our Company in any of the last three financial years and stub period (if any) and other Companies as considered material by our Board.

Further, pursuant to the resolution passed by the Company, for the purpose of disclosure in relation to the Group Companies, a company shall be considered as a material group company and disclosed as the same if such company fulfils the conditions as mentioned below:

- According to Regulation 2(1)(pp) of the SEBI (ICDR) Regulations, such a company is part of our Promoter Group; and

- Our company has entered into one or more transactions with such a company in the preceding fiscal or audit period, as the case may be, exceeding 10% of total revenue of the company as per Restated Financial Statements.

2) Identification of Material Creditors

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

- Based on the policy on materiality defined by the Board and as disclosed in the Offer Document; and
- Consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved.

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 exceeds 5% of the total consolidated trade payables as on the date of the restated financial statements for the last completed fiscal year included in the Offer Documents.

3) Identification of Material Litigation

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its subsidiaries, joint ventures, directors, promoters and group companies related to:

- All criminal proceedings;
- All actions by statutory or regulatory authorities;
- Taxation matters (indirect and direct taxes); and
- Other pending material litigation, involving our Company, our directors, our promoters and our Group Companies.

Any pending litigation or arbitration proceedings (other than litigations mentioned in point (i) to (iii) above) involving our Company, Directors, Group companies and Promoters shall be considered “material” for the purposes of disclosure in this Draft Prospectus, if:

a) the aggregate monetary claim made by or against the Company, Directors, Group Companies or Promoters, as the case may be, in any such pending litigation or arbitration proceeding is in excess of 2% of the revenue from operations of the Company, in the most recently completed Financial Year as per the Restated Financial Statements;

Or

b) if, in such litigation the monetary liability is not quantifiable, or which does not fulfill the threshold specified in (a) above, but the outcome of which could, nonetheless, have a material adverse effect on the Business, Operations, Performance, Prospects, Financial position or reputation of our Company.

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 automatically stand amended to reflect any changes to the SEBI Regulations, to the extent the same is the subject matter of this Policy.

DISSEMINATION

The policy shall be hosted on the website of the Company
i.e. https://www.advancetechforge.com/

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Effective Date: November 11, 2024
Date of Approval by Board of Directors: November 11, 2024