

MATERIALITY POLICY

XED EXECUTIVE DEVELOPMENT LIMITED

Document Information:

Approved By	Board of Directors
Date of Board Meeting	June 24, 2025
Effective From	June 24, 2025

A. INTRODUCTION

International Financial Services Centres Authority (listing) Regulations, 2024 (“IFSCA”), dated 20th August, 2024, notified the requirement of framing a “Materiality policy of disclosures in the offer documents to ensure the disclosure of all material information post filing of offer documents and prior to listing.

B. OBJECTIVE

In view of the IFSCA Regulations, the Board of Directors ("**Board**") of **XED Executive Development Limited ("Company")** has adopted this policy and procedures for determination of:

- (i) Identification of companies which are considered to be ‘material’ as a **group company** of the Company within the meaning of Group Company defined under the SEBI Regulations;
- (ii) Identification of ‘material’ creditors, and
- (iii) Identification of ‘material’ litigation.

This policy shall be called the ‘**Materiality Policy**’ ("**Policy**")

The Policy shall come into effect from the date of its approval by our Board i.e. 24-06-2025.

C. APPLICABILITY:

The Board of Directors of the Company (the “**Board**”) at their meeting held on 24-06-2025, discussed and approved this, Policy. This Policy shall be effective from the date of its approval by the Board.

In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus (“**DRHP**”), red herring prospectus (“**RHP**”) and the prospectus (“**Prospectus**”), to be filed and/or submitted by the Company in connection with the proposed initial public offering of its equity shares with the IFSCA, Registrar of Companies, Mumbai and/or the stock exchanges situated at Gift City, Gujarat (India INX and NSE IX) where the equity shares of the Company are proposed to be listed, as applicable.

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

D. 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.

E. 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:

Identification of the Group Companies

The term “**Group Companies**”, may be referred to include –

“Group entity (which includes a company as well as any entity) refers to an entity of a business group that consists of a parent company or any other type of legal person exercising control over the rest of the group, together with its branches and/or subsidiaries”.

A group can consist of

- A holding company and its direct subsidiaries.
- A holding company, its subsidiaries, and subsidiaries of those subsidiaries (and so on), creating layers of subsidiaries.
- Joint ventures, which can also be part of a group structure.
- Such companies which are related parties under the Companies Act, 2013 and with whom related party transactions done as per financial information.

With respect to identification of Group Companies, the following approach may be considered-

- a. Companies (other than promoter(s) and subsidiaries) with which there were related party transactions as per the restated consolidated financial information; and
- b. other Companies as considered material by the Board of the Company.

In addition, for the purposes of point (a) mentioned above, a company (other than the companies covered under the schedule of related party transactions as per the Restated Consolidated Financial Information) shall be considered “material” and will be disclosed as a ‘Group Company’ in the Offer Documents if it is a member of the Promoter Group and has entered into one or more transactions with the Company in the most recent financial year (or the stub period, if applicable), in respect of which Restated Consolidated Financial Information are included in the Offer Documents, that cumulatively exceed 10% of the total revenue of our Company for the last completed financial year covered in the Restated Consolidated Financial Information.

Based on our review of the restated consolidated financial statements, we note that there are no material group companies.

Identification of Material Creditors

As per the requirements, 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 disclosed on the website of the Company with a web link thereto in the Offer Documents.

Additionally, our Company is required to provide complete details about outstanding dues to creditors as per (i), (ii) and (iii) above in the DRHP/RHP/Prospectus.

Pursuant to requirements, creditors of the Company (except banks and financial institutions from whom the Company has availed financing facilities) to whom an amount having a monetary value which exceeds 10% of the total trade payables of the Company as of the end of the most recent period covered in the Restated Consolidated Financial Information of the Company is outstanding, shall be considered as 'material'.

The Company shall make relevant disclosures before the Audit Committee/ Board of Directors as required by applicable law from time to time.

Identification of Material Litigation

Requirement:

As per the requirements, the Company shall disclose the following pending litigation involving the Company, its Subsidiaries, its Directors and Promoters (collectively "**Relevant Parties**"):

- (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.

Further, pre-litigation notices received (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation authorities or notices threatening criminal action) by the Company, its Subsidiaries, Directors or Promoters from third parties shall not be considered as litigation unless otherwise decided by the Board or until such time that any of the Company, its Subsidiaries, Directors or Promoters, as the case may be, is impleaded as a party in proceedings initiated before any court, arbitrator, tribunal, judicial forum or governmental authority.

All outstanding labour law cases of a criminal nature will also be disclosed in the Offer Documents.

As per the requirements, the Company shall disclose any pending litigation involving the Group Company(ies) which has a material impact on the Company.

a. Company

Monetary threshold: Pending civil cases involving the Company, which involve an amount of more than being 1% of the total consolidated profit after tax for the Financial Year ended March 31, 2025 as per the Restated Consolidated Financial Information, shall be considered material and be disclosed in the Offer Documents.

Subjective threshold: Under this test, such pending matters whose outcome may have a material impact, in the opinion of the Board, on the business, performance, financial position, cash flows, prospects,

reputation, operations or any adverse impact on the Company, irrespective of their monetary quantum, will necessitate disclosure. This may include any writ petitions filed involving the Company or similar matters which may have a material impact on the business of the Company.

b. Company's Subsidiary(ies) and Its Association of person (AOP)

Monetary threshold: Pending civil cases involving the Company's Subsidiary, as applicable, which involve an amount of more than being 1% of the total consolidated profit after tax for the Financial Year ended March 31, 2025 as per the Restated Consolidated Financial Information shall be considered material and be disclosed in the Offer Documents.

Subjective threshold: Under this test, such pending matters whose outcome may have a material impact on the business, prospects, financial positions, cash flows, performance, reputation, operations or any adverse impact on the Company, irrespective of their monetary quantum, will necessitate disclosure. Accordingly, the Subsidiaries shall identify and provide information relating to such outstanding litigation involving themselves in their respective certificates.

c. Promoters

Monetary threshold: Pending civil cases involving the Promoters of the Company, which involve an amount of more than being 1% of the total consolidated profit after tax for the Financial Year ended March 31, 2025 as per the Restated Consolidated Financial Information shall be considered material and be disclosed in the Offer Documents. The Promoters shall identify and provide information relating to such outstanding civil litigation involving them and exceeding the monetary threshold in a certificate.

Subjective threshold: All outstanding civil litigation against the Promoters of the Company where an adverse outcome would materially and adversely affect the business, prospects, cash flows, performance, operations or financial position or reputation of the Company (*irrespective of the amount involved in such litigation*), would be considered as material for the Company and accordingly, the Promoters shall identify and provide information relating to such outstanding civil litigation involving themselves in their respective certificates.

d. Directors (other than the Promoters):

Monetary threshold: Pending civil cases involving a Director of the Company, which involve an amount of more than being 1% of the total consolidated profit after tax for the Financial Year ended March 31, 2025 as per the Restated Consolidated Financial Information shall be considered material and be disclosed in the Offer Documents. Each Director shall identify and provide information relating to such outstanding civil litigation involving itself and exceeding the monetary threshold in a certificate.

Subjective threshold: All outstanding civil litigation against the directors of the Company where an adverse outcome would materially and adversely affect the business, prospects, performance, cash flows, operations or financial position or reputation of the Company (*irrespective of the amount involved in such litigation*), would be considered as material for the Company and accordingly, each director shall identify and provide information relating to such outstanding civil litigation involving themselves in their respective certificates.

It is clarified that the Policy is solely for the purpose of disclosure requirements prescribed under the

IFSCA 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 IFSCA (Listing) Regulations, 2024 Chapter XII related to Listing Obligations and Disclosure Requirements, as amended.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by IFSCA and/ or such other regulatory or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by IFSCA through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints.

This Policy shall be subject to review/changes as may be deemed necessary by the Board and in accordance with regulatory amendments from time to time.