Best Engineering Aids & Consultancies Limited

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

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

A. INTRODUCTION

This policy ("**Policy**") has been formulated to set out the thresholds of materiality of **Best Engineering Aids & Consultancies Limited** ("**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 amended from time to time) ("**SEBI ICDR Regulations**"), in respect of the following:

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

B. APPLICABILITY AND OBJECTIVE

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

The board of directors of the Company ("**Board**") at their board meeting discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of the Materiality Policy by the Board.

The Company has adopted this Materiality Policy for identification of: (i) Group Companies; (ii) material creditors; and (ii) material litigations pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the Issue Documents.

In this Materiality Policy, the term "Issue Documents" shall mean the draft red herring prospectus, the red herring prospectus and the prospectus to be filed by the Company in connection with the proposed initial public offering of its Equity Shares with the Securities and Exchange Board of India, Registrar of Companies, Mumbai, Maharashtra and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised 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:

a. Words denoting the singular shall include the plural and vice versa; and

b. References to the words "include" or "including" shall be construed without limitation.

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

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

Identification of Group Companies:

Requirement:

As per Regulation 2(1)(t) of the SEBI ICDR Regulations, Group Companies shall include *"such companies (other than promoter(s) and subsidiary(ies)) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered*

material by the board of the issuer".

Policy on Materiality:

For the purpose of disclosure in the Issue Documents, a company shall be considered and disclosed as a Group Company if:

a. the companies with which there were related party transactions (in accordance with Ind AS 24), as disclosed in the Restated Consolidated Financial Statements ("**Restated Consolidated Financial Statements**"); or

b. if such company fulfils both the below mentioned conditions: -

   i. such company that forms part of the Promoter Group of the Company in terms of Regulation 2(1)(pp) of the SEBI(ICDR) Regulations; and

   ii. the Company has entered into one or more transactions with such company in preceding fiscal or audit period as the case may be exceeding 10.00% of total revenue of the Company as per Restated Consolidated Financial Statements.

   Accordingly, based on the Restated Financial Statements of the Company for Fiscals 2026, 2025 and 2024, we have identified Designsense Software Technologies Private Limited

For avoidance of doubt, it is hereby clarified that the subsidiary of the Company, shall not be considered as 'Group Companies' for the purpose of disclosure in the Issue Documents.

Identification of Material Creditors

Requirement:

As per the 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, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Issue Documents;

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 will be disclosed in the Issue Documents; 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 Issue Documents.

Policy on materiality

For identification of material creditors (except banks and financial institutions from whom the Company has availed financing facilities), in terms of point (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Issue Documents, if amounts due to such creditor exceed 5% of the total trade payables of the Company as per the most recently completed fiscal as per the Restated Consolidated Financial Statements ("**Restated Consolidated Financial Statements**") of the Company, as disclosed in the Issue Documents.

Disclosure in the Issue Documents regarding material creditors and MSMEs

a. 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 on March 31, 2026, based on the Restated Consolidated Financial Statements of the Company included in the Issue Documents.

b. 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, 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 on March 31, 2026, based on the Restated Consolidated Financial Statements of the Company included in the Issue Documents.

c. 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 the Company with a web link in the Issue Documents.

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 Litigations (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)

Requirement:

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

1) All criminal proceedings;
2) All actions taken by statutory and regulatory authorities including outstanding action(s) or penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years ; and
3) Other pending civil litigations - as per policy of materiality defined by the Board and disclosed in the Issue Documents.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact (as determined by the Board) on the Company.

Policy on materiality

For the purpose of point no (5) above, any other pending civil litigation or arbitration involving the Company, its Promoters and its Directors and its Group Companies ("**Relevant Parties**") shall be considered "material" for the purpose of disclosure in the Issue Documents if:

(i) the aggregate amount involved in such individual litigation exceeds 1.00% of profit after tax of the Company, as per the last audited financial statements of the Company or such litigations outcome could have a material impact on the business, operations, prospects or reputations of the Company;

Or

(ii) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:

a) two percent of turnover, as per the latest annual restated financial statements of the issuer being ₹ 320.20 lakhs; or
b) two percent of net worth, as per the latest annual restated financial statements of the issuer, except in case the arithmetic value of the net worth is negative being ₹124.29 lakhs; or
c) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated financial statements of the issuer being ₹ 66.05 lakhs.

Further, pre-litigation notices received/sent by the Relevant Parties from/to third parties (excluding sthose notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) have not and shall not, be considered as material litigation until such time that the Relevant Parties, as the case may be, are impleaded as a party in proceedings before any judicial /arbitral forum.

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 Issue 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 Issue 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 Issue Documents and should not be applied towards any other purpose.

D. AMENDMENT

The Board (including its duly constituted committee wherever permissible), 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.

E. DISCLOSURES

The Company shall disclose the Policy on its website i.e. www.beacon-india.com

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Date of Approval by Board of Directors: September 19, 2026