

LEAPFROG ENGINEERING SERVICES LIMITED

REGISTERED OFFICE: NO 496, CHAITHANYA DHRITI RUDRESH, 6TH MAIN, 8TH CROSS,
VIJAYA BANK LAYOUT, BANNERGHATTA ROAD, BANGALORE, BANGALORE SOUTH,
KARNATAKA, INDIA, 560076
CIN: U74210KA2005PLC036274

POLICY ON IDENTIFICATION OF MATERIAL CREDITORS AND MATERIAL LITIGATIONS



❖ INTRODUCTION

This Policy has been formulated to define the policy for identification of (i) outstanding material litigation and (ii) outstanding dues to material creditors of Leapfrog Engineering Services Limited and its Directors (together, the "Policy"), 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 for Creditors & Litigations").

The Board of Directors of the Company ("Board") at their meeting held on 16.12.2024 discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval by the Board of Directors of the Company ("Board").

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

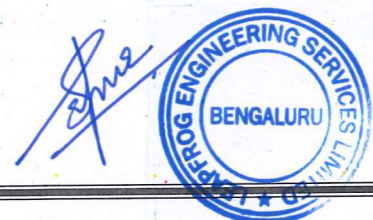
- (i) material creditors; and
- (ii) material litigations pursuant to the provisions of SEBI ICDR Regulations.

In this Materiality Policy, the term "Issue Documents" shall mean the Draft Red Herring Prospectus, Red Herring Prospectus and 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 ("SEBI"), the Registrar of Companies, Karnataka, the BSE Limited, and any other regulatory authority, as applicable.

All other capitalized terms not specifically defined in this Materiality Policy shall have the same meanings as prescribed 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 Documents, details of the Company's creditors, including 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;

➤ *Policy on Materiality:*

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 Issue Documents, if amounts due to such creditor 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 Financial Information included in the Issue Documents.

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

A) Identification of Material Litigations

➤ **Requirement:**

As per the requirements of SEBI ICDR Regulations, the Company shall disclose following outstanding litigation involving the Company, its subsidiaries, Promoters, Directors (the "Relevant Parties") of the Company:

- (i) All criminal proceedings;
- (ii) All actions by statutory and / or 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 purposes of determining Material Litigation as mentioned in point (v) above, the following criteria shall apply:



Any outstanding litigation involving the Relevant Parties, other than criminal proceedings, taxation matters and regulatory and statutory actions, shall be considered "material" for the purposes of disclosure in the Offer Documents, if:

- (i) *The aggregate amount involved exceeds 10% of the Profit After Tax as per the latest Restated Financial Statements.*

Further, pre-litigation notices received by the Relevant Parties (excluding those notices issued by statutory/regulatory/tax authorities), unless otherwise decided by the Board, shall not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in the litigation proceedings before any judicial forum.

❖ AMENDMENT

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.

For Leapfrog Engineering Services Limited


Sapna Raghavendra
Director- Finance & Chief Financial Officer
DIN : 08914356

