



People Services India Limited



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

INTRODUCTION

This policy ("**Policy**") has been formulated to define the respective materiality policies in respect of the proposed initial public offering of the equity shares of Stalwart People Services India Limited (the "**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 in the Offer Documents (as defined below)-and litigation involving the group companies of the Company which have a material impact on the Company;
- B. Identification of all outstanding 'material' litigation involving the Company, its promoters, its directors and its subsidiaries (in addition to the disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of 'material' creditors of the Company.

APPLICABILITY

The board of directors of the Company ("**Board**") at their meeting held on 4th June 2026 discussed and approved this Policy. This Policy shall be effective from the date of approval of policy by the Board.

In this Policy, the term "**Offer Documents**" shall mean the draft red herring prospectus, the red herring prospectus and the prospectus (along with any addenda or corrigenda thereto), as applicable, to be filed and/or submitted 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, Tamil Nadu at Chennai and/or the 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 Policy shall have the same meanings ascribed to such terms in the Offer Documents.

The Board of Directors approved and adopted the Policy on 04th Day of June 2026.

A. Identification of companies to be disclosed as group companies in the Offer Documents

Requirement:

As per the requirements of the SEBI ICDR Regulations, group companies include such companies (other than the subsidiaries and the promoters) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Document(s), as covered under Ind AS 24, and also other companies as considered material by the Board.

The policy on identification of companies to be disclosed as group companies (other than those covered under Ind AS 24), as below, shall be disclosed in the Offer Documents.



People Services India Limited



Policy on materiality:

For the purpose of disclosure in the Offer Documents, a company shall be considered material and will be disclosed as a "group company" in the Offer Documents if:

- (i) The Company has entered into related party transactions with companies as described under Ind AS 24 with such company during any of the financial periods being included in the Offer Documents; and
- (ii) any other company as may be identified as material by the Board.

With respect to (ii) above, such companies shall be considered material that are a part of the promoter group and have entered into one or more transactions with the Company during the most recent financial year or relevant stub period, if any, as per the Restated Consolidated Financial Statements of the Company disclosed in the Offer Documents, which individually or in the aggregate, exceed 10% of the restated total income of the Company for such period.

The relevant financial information of the group companies identified, based on the above approach, will be disclosed on the website of the respective group companies in accordance with the SEBI ICDR Regulations.

B. Identification of 'material' litigation involving the Company, its promoters, its directors and its subsidiaries (in addition to the 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, its promoters, its directors and its subsidiaries (individually referred to as such and collectively as "**Relevant Parties**"):

- (i) All outstanding criminal proceedings (including matters which are at first information report stage, even if no cognizance has been taken by any court or any other judicial authority);
- (ii) All outstanding actions (including all penalties and show cause notices) by regulatory authorities and statutory authorities (including any judicial, quasi-judicial, administrative or enforcement authorities);
- (iii) Disciplinary actions including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years preceding the Offer Document, including outstanding actions;
- (iv) Outstanding claims and proceedings related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount involved in such cases; and
- (v) Other pending litigations (including civil litigations or arbitration proceedings) based on the lower of the threshold criteria mentioned below:
 - a) As per the policy of materiality defined by the Board and disclosed in the Offer Documents; or

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People Services India Limited



- b) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
1. two percent of turnover, as per the latest annual restated consolidated financial statements of the Company, as disclosed in the Offer Documents; or
 2. two percent of net worth, as per the latest annual restated consolidated financial statements of the Company, as disclosed in the Offer Documents, except in case the arithmetic value of the net worth is negative; or
 3. five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the Company, as disclosed in the Offer Documents.

Additionally, in accordance with the SEBI ICDR Regulations, the Company shall disclose the following in the Offer Documents, (i) all outstanding criminal proceedings (including matters at FIR stage where no / some cognizance has been taken by any court or any other judicial authority) involving the key managerial personnel and senior management of the Company; and (ii) all outstanding actions (including all penalties and show-cause notices) by regulatory and statutory authorities (including any judicial, quasi-judicial, administrative or enforcement authorities) against the key managerial personnel and senior management of the Company.

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 on the Company. Any pending litigation involving the group companies (as identified above) would be considered to have a 'material impact' on the Company for the purpose of disclosure in the Offer Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, prospects, operations, performance, financial position or reputation of the Company in accordance with provisions of the SEBI ICDR Regulations.

Policy on materiality:

Other than litigations mentioned in points (i) to (iv) above, for the purpose of point (v) above, any other pending litigation involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) *Monetary threshold:* The monetary amount of claim or amount involved by or against the Relevant Parties in any such pending proceeding (including civil and arbitration proceedings) exceeds (i) 2% of turnover, as per the latest annual Restated Financial Information of the Company, as disclosed in the Offer Documents; (ii) 2% of net worth, as per the latest Restated Consolidated Financial Statements of the Company, as disclosed in the Offer Documents, except in case the arithmetic value of the net worth is negative; or (iii) 5% of the average of absolute value of profit or loss after tax, as per the last three annual Restated Consolidated Financial Statements of the Company, as disclosed in the Offer Documents, whichever is lower.
- (ii) *Subjective threshold:* Such pending matters which are not quantifiable or do not exceed the monetary threshold, involving the Relevant Parties, whose outcome, in the opinion of the Board, would materially and adversely affect the Company's business, prospects, performance, operations, financial position, reputation or cash flows or where a decision in one case is likely to affect the decision in similar cases even though the amount involved in the individual cases may not exceed the monetary threshold.



People Services India Limited



It is clarified that for the purpose of the litigation approach, unless otherwise decided by the Board, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices and show cause notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation authorities or notices threatening criminal action) shall, in any event, not be considered as litigation until such time that Relevant Parties are impleaded as defendants or respondents in litigation proceedings before any judicial/arbitral forum or governmental authority.

With respect to outstanding litigations involving the group companies, only such outstanding litigations shall be disclosed in the Offer Documents, that could have a material impact on the Company in the opinion of the Board. All group companies are required to identify in their certificates pending litigation involving such companies which are considered material by the respective group company and which, in their view may have a material impact on the Company. Having received details of such litigation from the group companies, the Company (acting through its Board/IPO Committee) will determine which of such identified litigation may have a material impact on the Company.

C. Identification of 'material' creditors

Requirement:

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

- (i) Based on the policy on materiality defined and adopted by the Board, details of the Company's creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;
- (ii) Consolidated information on outstanding dues to micro, small and medium enterprises ("MSME") and other creditors, separately giving details of number of cases and amount involved will be disclosed in the Offer Documents; and
- (iii) Complete details about outstanding overdues 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 Offer Documents.

Policy on materiality:

For identification of material creditors, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor exceeds 5% of the restated total trade payables of the Company as of the end of the latest financial period covered in the Restated consolidated financial statement disclosed in the Offer Documents. For outstanding dues to MSME and other creditors, 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.

GENERAL

It is clarified that the Policy is solely for the purpose of disclosure requirements prescribed under the SEBI ICDR 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/or such other regulatory, judicial, quasi-judicial, governmental, administrative or statutory authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI 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/IPO Committee and in accordance with regulatory amendments from time to time.

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