

POLICY ON IDENTIFICATION OF GROUP COMPANIES, MATERIAL CREDITORS AND MATERIAL LITIGATIONS
("MATERIALITY POLICY")

A. INTRODUCTION

This policy ("**Policy**") has been formulated to set out the thresholds of materiality of outstanding material policy involving AIRPRO TECHNOLOGY INDIA 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:

1. Identification of companies to be disclosed as Group Companies;
2. Identification of 'material' litigation involving the Company, its Promoters and Directors (excluding disciplinary actions against the Company, its Promoters and Directors, criminal proceedings, statutory/regulatory actions and taxation matters); and
3. 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 meeting held on May 22, 2026 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 (iii) Material Litigations pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the offer documents.

In this Materiality Policy, the term "**Offer Documents**" shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus including any addendum or corrigendum thereto 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**"), Registrar of Companies, Uttar Pradesh II at Kanpur and the BSE Limited and the National Stock Exchange of India Limited, (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 Materiality Policy shall have the same meanings ascribed to such terms in the Offer Documents.

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CIN: U72900RJ2014PLC045127

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In this Materiality Policy, unless the context otherwise requires:

1. Words denoting the singular shall include the plural and vice versa; and
2. References to the words “include” or “including” shall be construed without limitation.

C. POLICY PERTAINING 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: (a) companies (other than promoter(s) and subsidiary(ies)) with which the issuer company had related party transactions, during the period for which financial information is disclosed in the relevant Offer Document, as covered under the applicable accounting standards, and also (b) other companies as considered material by the board of the issuer.

Policy on Materiality:

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

1. For 2(a) above, the companies (other than our Corporate Promoters) with which there were related party transactions (in accordance with Ind AS 24), as disclosed in the Restated Financial Information as included in Offer Documents; and
2. For 2(b) above, such companies (other than the promoter, and companies categorized under 2(a) above) that are a part of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which there were transactions in the most recent financial year, as disclosed in the Restated Financial Information included in the Offer Documents, of a value exceeding individually or in the aggregate, 10.00% of the total restated revenue from operations of the Company for the last completed Fiscal as per the Restated Financial Information as included in the Offer Documents.
3. any other company as may be identified as material by the Board

Accordingly, based on the Restated Financial Information of the Company and the Company does not have any Group Company.

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Materiality criteria for disclosure of litigation involving Group Companies

Any outstanding litigation involving the Group Companies shall be considered "material" for the purposes of disclosure in the Offer Documents, if the outcome of such litigation (irrespective of any amount involved in such litigation) could have a material adverse effect on the financial position, business, operations, prospects, or reputation of the Company

Identification of Material Creditors

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents for outstanding dues to creditors and MSMEs as on latest financial year/ period disclosed in the Restated Financial Information of the Company as follows:

1. Based on the policy on materiality defined by the Board, details of the creditors which include the number of creditors, and the aggregate amount involved, will be disclosed in the Offer Documents;
2. Consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of the number of cases and amount involved will be disclosed in the Offer Documents; and
3. Complete details about outstanding over-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 Offer Documents.

Additionally, complete details about outstanding over dues to material creditors including the name of such creditor(s) and amount due to such material creditor (as per point 1 above) shall be disclosed on the website of the Company with the relevant web link included in the Offer Documents, as applicable.

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 (1) 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 exceed 5.00% of the total restated trade payables of the Company as per the most recently completed fiscal or stub period as per the Restated Financial Information of the Company, as disclosed in the Offer Documents.

Disclosure in the Offer Documents regarding material creditors and Micro, Small and Medium Enterprises ("MSMEs")

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1. For creditors identified as 'material' based on the abovementioned Policy, information on outstanding dues to such material creditors shall be disclosed in the Offer 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 latest financial year/ period disclosed in the Restated Financial Information of the Company included in the Offer Documents.
2. For outstanding dues to 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 read with Section 7 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, has been relied upon by the statutory auditors in preparing their audit report. Information for such identified MSMEs creditors shall be provided in the Offer Documents in the following manner:
 - (a) aggregate amounts due to such MSME creditors; and
 - (b) aggregate number of such MSME creditors,as on the latest financial year/ period disclosed in the Restated Financial Information of the Company included in the Offer Documents.
3. Complete details about outstanding overdue 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 Offer 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 pending litigations involving the Company, its Promoters, Directors, Key Managerial Personnel and members of Senior Management. Hence, the Company is proposing to disclose the following pending litigations, as prescribed under the SEBI ICDR Regulations:

1. All outstanding criminal proceedings (including matters which are at first information report stage and police complaints irrespective of any cognizance taken by any court or not) involving Company, its Promoters, Directors, Key Managerial Personnel and members of Senior Management;
2. All outstanding actions taken by regulatory authorities and statutory authorities including notices by such authorities (including any findings/observations of any of the inspections by SEBI or any other regulatory authority or penalties, show cause notices) involving Company, its Promoters, Directors, Key Managerial

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Personnel and members of Senior Management;

3. Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years preceding the date of the relevant Offer Document; including outstanding action;
4. Outstanding claims for any direct or indirect tax giving the number of cases and total amount involving Company, its Promoters and Directors. Provided that if the amount involved in any such claims exceeds the materiality threshold, such matter(s) have been disclosed on an individual basis); and
5. All pending litigation involving the Company, its Promoters and Directors, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary actions including penalty imposed by SEBI or Stock Exchanges against our Promoters in the last five fiscal, would be considered 'material' for the purpose of disclosure in the Draft Red Herring Prospectus, if the aggregate monetary amount of claim involved, whether by or against such Parties, in any such pending litigation exceeds the lower of the following:
 - (a) two percent of turnover, as per the latest annual Restated Financial Information of the Company; or
 - (b) two percent of net worth, as per the latest annual Restated Financial Information of the Company for last full financial year; or
 - (c) five percent of the average of absolute value of profit or loss after tax, as per the last three years Restated Financial Information of the Company.
6. All other pending litigations/arbitration proceedings involving the Company, its Promoters and Directors— as per the policy of materiality defined by the Board and disclosed in the Offer Documents.

Note: For the purpose of paragraph 5(c) above, it is clarified that the average of absolute value of profit or loss after tax is to be calculated by disregarding the 'sign' (positive or negative) that denotes such value.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose all criminal proceedings involving key managerial personnel and senior management personnel of the Company and also the actions by regulatory authorities and statutory authorities against such key managerial personnel and senior management personnel.

Policy on materiality

For the purpose of point, no 5 above, any other pending civil litigation or arbitration (other than litigations mentioned in points 1 to 4 above) involving the Company, its Promoters and Directors shall be considered "Material" for the purpose of disclosure in the Offer Documents if:

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1. The aggregate monetary claim/ dispute amount/ liability made by or against the Company, its Promoters and Directors, in any such pending litigation/ arbitration proceeding exceeds the lower of the parameters set out in paragraph (5) above.
2. wherein monetary liability is not quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold as specified above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects or reputation of the Company.
3. there are any findings or observations arising out of any of the inspections by the Securities and Exchange Board of India or by any other regulator in or outside India, which are outstanding.

Further, pre-litigation notices received by our Company, its Promoters and Directors (excluding those notices issued by governmental, statutory, regulatory, judicial, quasi-judicial or taxation authorities or notices threatening criminal action), unless otherwise decided by our Board, are not evaluated for materiality until such time that such parties are impleaded as defendants in litigation proceedings before any judicial forum.

D. GENERAL

This Materiality Policy 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 offer 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 offer 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 offer documents and should not be applied towards any other purpose.

Amendment and Updates:

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.

Version History:

Version	Approved By	Approval Date	Effective Date
1 st Version	Board of Directors	12.06.2026	12.06.2026

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