

SPC LIFE SCIENCES LIMITED | MATERIALITY POLICY

(Formerly known as SPC Life Sciences Private Limited)

(CIN: U24230GJ2005PLC046252)

MATERIALITY POLICY

I. INTRODUCTION

This policy (the “**Policy**”) has been formulated to define the respective materiality policies in respect of SPC Life Sciences Limited (the “**Company**”), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”), in respect of the following:

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

II. APPLICABILITY

The board of directors of the Company (the “**Board**”) at their meeting held on 23rd March, 2023, 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, the red herring prospectus and the prospectus and 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, Gujarat at Ahmedabad (the “RoC”) and/or stock exchanges where the equity shares of the Company are proposed to be listed (the “Stock Exchanges”), as applicable.

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

A. Identification of material companies to be disclosed as Group Companies

Requirement:

The SEBI ICDR Regulations define “group companies” as “*such companies (other than promoter(s) and subsidiary/ subsidiaries) 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*”.

Therefore, as per the requirements of the SEBI ICDR Regulations, ‘group companies’ shall include companies (other than the promoters and subsidiaries):

- a) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Documents; and
- b) other companies that are considered material by the Board.

Policy on Materiality:

With respect to point (b) above, for the purpose of disclosure in the Offer Documents, a company (other than the companies covered under the schedule of related party transactions) shall be considered “material” and will be

disclosed as a 'Group Company' in the Offer Documents if it is a part of the promoter group (in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations) with which there were one or more transactions during the most recent financial year (and any stub period, as applicable) in the restated financial statements of the Company included in the Offer Documents, which individually or in the aggregate, exceed, lower of, 10% of the revenue from operations of the Company or 1% of the profit after tax of the Company disclosed in the Offer Documents as per the restated financial statements of the Company for the most recent financial year.

B. Identification of material litigation

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations involving the Company, its promoters, its group companies and the Company's directors (collectively the "**Relevant Parties**") in the Offer Documents:

- a) all outstanding criminal proceedings (including any notices received for such criminal proceedings);
- b) all outstanding actions by regulatory authorities and statutory authorities;
- c) 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;
- d) all outstanding claims related to direct and indirect tax matters to be disclosed in a consolidated manner, giving the number of cases and total amount; and
- e) details of any other pending litigation or arbitration proceedings, involving the Relevant Parties, which are determined to be material by the Board.

Further, as per the requirements of the SEBI ICDR Regulations, the Company shall also disclose such outstanding litigations involving the Group Companies which may have a material impact on the Company.

Policy on materiality:

Other than the litigations mentioned in points (a) to (d) above, for the purpose of point (e) above, any pending litigation or arbitration proceedings involving the Relevant Parties would be considered 'material' for the purpose of disclosure in the Offer Documents, if:

- (i) the monetary amount of the claim/dispute amount/liability by or against the Relevant Party in any such proceeding is in excess of 10% of the profit after tax of the Company as per the financial year in the latest restated financial statements. (the "**Materiality Threshold**");
- (ii) where the monetary liability is not quantifiable, or the amount involved does not cross the Materiality Threshold, it shall be disclosed if the outcome of any such proceedings may have a material adverse bearing on the business, operations, performance, prospects or reputation of the Company; or
- (iii) the decision in one case is likely to affect the decision in similar cases such that the cumulative amount involved in such cases exceeds the Materiality Threshold, even though the amount involved in an individual litigation may not exceed the Materiality Threshold.

All Group Companies shall identify pending litigation which are considered material by the respective group company and which in their view may have a material impact on the Company. The Company would pass a resolution taking on record such litigations of the Group Companies, if any.

It is clarified that for the purpose of this Policy, pre-litigation notices received by the Relevant Parties and Group Companies from third parties (excluding governmental/statutory/regulatory/ judicial 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 in proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Disclosure of details of all the criminal matters initiated by or against the Company, its Group Companies, its directors, its promoters which are at the first information report stage and no/some cognizance has been taken by the court.

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 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 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.

C. Identification of material outstanding dues to creditors

Requirement:

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures for outstanding dues to creditors as follows:

- a) based on the Policy 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 Offer Documents;
- b) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of creditors and amount involved will be disclosed in the Offer Documents; and
- c) 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 Offer Documents.

Policy on materiality:

For the purpose of identification of material creditors for disclosure in the Offer Documents in terms of point (a) above, a creditor of the Company to whom an amount having a monetary value which exceeds 5% of the total trade payables of the Company as at the end of the latest period included in the restated financial statements of the Company disclosed in the Offer Documents shall be considered 'material'.

III. GENERAL

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