



ALLCHEM LIFESCIENCE LIMITED

Materiality policy

Policy Adoption/Change Effective Date	Board approval Date	Version of Policy
March 5, 2025	March 5, 2025	Amended through Board resolution dated March 12, 2025

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MATERIALITY POLICY

This document sets out the materiality policy in connection with the identification of: (i) outstanding material litigation involving Allchem Lifescience Limited, its Directors its Promoters, Key Managerial Personnels and members of Senior Management; (ii) its Group Company(ies); and (iii) the material creditors of the Company (collectively, the **Materiality Policy**), each in terms of the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (**SEBI ICDR Regulations**).

The Board of Directors of the Company (**Board**) at their meeting held on March 12, 2025 discussed and approved this Materiality Policy. This Materiality Policy shall be effective from the date of approval of the Materiality Policy by the Board.

In this Materiality Policy, the term 'Offer Documents' shall mean the Draft Red Herring Prospectus, the Updated 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**) or the Registrar of Companies, Gujarat at Ahmedabad (**RoC**) or the stock exchanges where the equity shares of the Company are proposed to be listed, and/or any other authorities, regulatory or otherwise, as applicable.

In terms of SEBI ICDR Regulations, the Company is required to disclose the following pending litigation involving itself, its Directors, its Promoters in the Offer Documents. Accordingly, the details below shall be disclosed for litigation involving the Company, its Directors and its Promoters:

- a. All outstanding criminal proceedings (including first information reports);
- b. All outstanding actions by statutory and/ or regulatory authorities;
- c. Outstanding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount. In the event any tax matters involve an amount exceeding the threshold proposed in (i) below, in relation to the Company, Promoters, Directors or the Subsidiaries, individual disclosures of such tax matters will be included;
- d. All criminal proceedings involving its Key Managerial Personnel and members of Senior Management and all actions by regulatory authorities and statutory authorities against any of its Key Managerial Personnel and members of Senior Management; and
- e. Other pending litigations/arbitration proceedings - As per the policy of materiality defined by the Board and disclosed in the Offer Documents.

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose (i) any disciplinary action (including any penalty) imposed by SEBI or any of the stock exchanges against any of the Promoters in the 5 (five) financial years preceding the date of the relevant Offer Document as well as in current year in which the relevant Offer Document is getting filed, including any outstanding action; and (ii) outstanding litigation (including first information reports) involving the Group Company(ies), which may have a material impact on the Company, as applicable.

For purposes of (e) above, all outstanding litigation/ arbitration proceedings (other than those covered under (a) - (d) above) involving the Company, its Directors and its Promoter shall be considered "material" and disclosed in the Offer Documents:

- (i) if the aggregate monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds 2% of the turnover of our Company as per the last restated annual financial statements of our Company or (iii) ₹ 2 % of net worth of our Company as per the last restated annual financial statements of our Company (except in case the arithmetic value of the net worth is negative) or (iii) 5% of the average absolute value of profit or loss after tax of our Company as per the last three restated annual financial statements of our Company, whichever is lower; or

- (ii) where monetary liability is not determinable or quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold specified in (i) above, but the outcome of any such pending proceeding may have a material adverse effect on the financial position, business, operations, performance, prospects or reputation of the Company; or
- (iii) litigations where the decision in one litigation is likely to affect the decision in similar litigations, and the aggregate monetary claim amount in all such litigation / arbitration proceedings is equal to or in excess of threshold set forth above even though the amount involved in an individual litigation may not exceed the materiality threshold set forth in (i) above.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation (including first information reports) involving its Group Company(ies) which has a material impact (as determined by the Board) on the Company.

Pre-litigation notices received by the Company, its Directors, its Promoters, or its Group Company(ies), from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall not be evaluated for materiality until the Company, its Directors, its Promoters, or its Group Company(ies), is impleaded in proceedings before any judicial/ arbitral forum.

I. Materiality policy for group companies

In terms of the SEBI ICDR Regulations, the term 'group companies' includes:

- a. Such companies (other than promoters and subsidiaries) with which the relevant issuer company had related party transactions, during the period for which financial information is disclosed in the relevant Offer Documents, as covered under the applicable accounting standards; and
- b. Any other companies considered material by the Board.

Accordingly, for I(a) above, all such companies (other than the promoters and subsidiaries) with which there were related party transactions during the periods covered in the Restated Financial Statements, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

For paragraph I(b) above, the Company does not consider any company as a group company.

II. Materiality policy for material creditors

In terms of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors (except banks and financial institutions from whom the Company has availed financing facilities):

- a. Based on the policy on materiality adopted by the Board and as disclosed in the Offer Documents, details of the Company's creditors, including the consolidated number of creditors and the aggregate amount involved;
- b. Consolidated information on outstanding dues to micro, small and medium enterprises, and other creditors, separately giving details of number of cases and amount involved; 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.

For the purposes of identification of material creditors, in terms of point II(a) above, a creditor of the Company, shall be "material" for the purpose of disclosure in the Offer Documents, if amounts due to such creditor is equal to or in excess of 5 % of the total trade payables of the Company as at the end of

the latest financial period covered in the Restated Financial Statements of the Company to be included in the Offer Documents.

General

It is clarified that the Materiality Policy is solely for the purpose of disclosure requirements in Offer Documents prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose.

The Materiality Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any other regulatory 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.

The Materiality Policy shall be subject to review and/ or changes as may be deemed necessary and in accordance with applicable law from time to time.

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

