

## VIJAYPD CEUTICAL LIMITED | MATERIALITY POLICY FOR DISCLOSURES IN OFFER DOCUMENTS

### INTRODUCTION:

This policy (the “**Policy**”) has been formulated to define certain materiality policies in respect of the proposed initial public offering of the equity shares of Vijaypd Ceutical Limited (the “**Company**”, and such offering, the “**Offer**”), 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 (the “**SEBI ICDR Regulations**”) in respect of the following:

- a) Identification of the ‘material’ outstanding litigation involving the Company, its promoters, subsidiaries, and directors (collectively, the “**Relevant Parties**”);
- b) Identification of the ‘material’ creditors of the Company; and
- c) Identification of the ‘material’ companies to be disclosed as group companies of the Company in the Offer Documents (*as defined below*).

### APPLICABILITY:

The board of directors of the Company (the “**Board**”) at their meeting held on November 26<sup>th</sup> 2024, discussed and approved this Policy. This Policy shall be effective from the date of such approval by the Board.

In this Policy, the term “**Offer Documents**” means the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus (together with any addenda or corrigenda thereto), as applicable, to be filed by the Company in connection with the Offer with the Securities and Exchange Board of India (“**SEBI**”), the Registrar of Companies, Mumbai at Maharashtra and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

#### 1. Identification of ‘material’ outstanding litigation involving the Company, its Subsidiaries, Associates, Promoters, Directors, Key Managerial Personnel and Senior Management Personnel (collectively “**Relevant Parties**”)

##### Requirement

In accordance with the SEBI ICDR Regulations, the following outstanding litigation involving the Relevant Parties shall be disclosed in the offer documents:

- (i) all criminal proceedings;
- (ii) all actions by regulatory and statutory 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 the number of cases and total amount involved; and
- (v) other outstanding litigation as per the materiality policy defined by the board of directors of the issuer company and disclosed in the offer documents.

##### Policy on materiality

As per the requirements prescribed under the SEBI ICDR Regulations, the following pending litigation involving the Relevant Parties shall be disclosed in the Offer Documents:



- (i) all outstanding criminal proceedings (including any notices received for such criminal proceedings and matters which are at FIR stage or police complaint has been made even if no cognizance has been taken by any court);
- (ii) all outstanding actions (including all disciplinary actions, penalties, and show cause notices and any findings/ observations or warning letters of any of the inspections by SEBI or any other regulatory authority and all penalties) by regulatory authorities and statutory authorities against the Relevant Parties (including any judicial, quasi-judicial, administrative authorities or enforcement authorities);
- (iii) disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoters in the last five financial years preceding the date of the relevant Offer Documents, including outstanding action;
- (iv) all outstanding claims related to direct and indirect tax matters in a consolidated manner; giving the number of cases and total amount, involving the Relevant Parties; and
- (v) litigations (including civil and arbitration proceedings) as determined to be material by our Board as per the materiality defined below and disclosed in the Offer Documents.

Other than the litigation mentioned in points (i) to (iii) above, any other outstanding litigation involving the Relevant Parties (including tax litigation mentioned in point (iv) above) would be considered 'material' for the purpose of disclosure in the Offer Documents, if the monetary amount of claim/ amount in dispute, to the extent quantifiable exceeds, (a) Two percent of turnover of our Company as per the last restated consolidated financial information of our Company; or (b) Two percent of net worth of our Company as per the last restated consolidated financial information of our Company disclosed in the relevant Offer Documents (except in case the arithmetic value of the net worth is negative); or (c) five percent of the average of the absolute value of the profit or loss after tax of our Company based on the restated consolidated consolidated financial of the preceding three financial years, whichever is lower ("**Materiality Threshold**").

Further, the following litigation shall also be considered 'material' and shall be disclosed in the Offer Documents, (i) all outstanding civil litigation/ arbitration proceedings involving the Relevant Parties where the decision in such a proceeding is likely to affect the decision in similar proceedings, even though the amount involved in any individual proceeding does not exceed the Materiality Threshold; and (ii) all outstanding civil litigation/ arbitration proceedings, involving Relevant Parties, where monetary liability is not quantifiable or which does not exceed the Materiality Threshold or any other outstanding litigation/ arbitration proceedings, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, cash flows, financial position or reputation of the Company.

For the above purposes, pre-litigation notices received by the Relevant Parties from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall not be evaluated for materiality until such persons are impleaded as defendants or respondents in proceedings before any judicial/ arbitral forum or is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.

For the purposes of the above, pre-litigation notices received or sent by any of the Relevant Parties from/ to third parties (excluding those notices issued by statutory or regulatory or governmental or taxation authorities and notices threatening criminal action or FIRs), shall



not be considered as litigation until such time that the Relevant Parties are not impleaded as a party in the litigation proceedings before any judicial/ quasi-judicial or arbitral forum, unless otherwise decided by our Board.

## 2. Identification of the 'material' creditors of the Company

### Requirement

As per the requirements of the SEBI ICDR Regulations, the issuer company shall make relevant disclosures in the offer documents and on its website for outstanding dues to creditors as follows:

- (i) based on the policy on materiality defined by the board of directors of the issuer company, details of the creditors which include the consolidated number of creditors and the aggregate amount involved;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprises ("**MSME**") and other creditors, separately giving details of number of cases and aggregate amount involved; and
- (iii) 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 issuer company with a web link thereto in the offer documents.

### Policy on Materiality

For identification of material creditors, in terms of point (i) above, a creditor of our Company shall be considered to be 'material' for the purpose of disclosure in the Offer Documents, if the amounts due to such creditor by the Company is equal to or exceeds **5% of total trade payables as per the Restated Consolidated Financial Information** of the Company as on the date of the most recent financial period for which the restated consolidated financial statements are being included in the Offer Documents. Further, for outstanding dues to micro, small or medium enterprise, the disclosure will be based on information available with the Company regarding status of the creditor as MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by statutory auditors in preparing their audit report.

## 3. Identification of companies to be disclosed as group companies of the Company

### Requirement

As per the requirements of the SEBI ICDR Regulations, group companies of an issuer company include such companies (other than the promoters, subsidiaries and Associates of such issuer company) (i) with which there were related party transactions, during the period for which financial information is disclosed in the offer documents, as covered under the applicable accounting standards; and (ii) other companies as considered 'material' by the board of directors of such issuer company.

### Policy on materiality

For the purpose of disclosure in the Offer Documents, the following companies shall be considered as 'Group Companies' of the Company: (i) such companies (other than the corporate promoter and subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in the Offer Documents, as covered under Ind AS 24; and (ii) any other companies as may be considered 'material' by our Board.

In relation to (ii) above, companies (other than the corporate promoter and Subsidiaries) that (a) are a part of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and (b) with which the Company has had transactions in the last completed financial year and the most recent stub period included in the restated financials, which individually or cumulatively in value, exceed 10% of the revenue from operations of the Company on a restated consolidated basis for the last completed financial year included in the Offer Documents.

## GENERAL

This Policy shall be without prejudice to any disclosure requirements which may be prescribed under the Companies Act, 2013 and the rules notified thereunder, each as amended, with respect to disclosure of litigation, notices, disputes and other proceedings in 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 this Policy 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.

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

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

For VijayPD Ceutical Ltd.

*S.M. S...*

Director