
MATERIALITY POLICY

1. Introduction

- 1.1 This materiality policy (“**Policy**”) has been formulated for: (i) the identification of group companies of **Aragen Life Sciences Limited** (“**Company**”); (ii) identification of material outstanding litigation involving the Company, its directors, its promoters, its subsidiaries, its group companies, its Key Managerial Personnel (“**KMP**”) and members of its Senior Management (“**SMP**”) and (iii) identification of outstanding dues to creditors of the Company, pursuant to the disclosure requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”).
- 1.2 This Policy shall be effective from 30th July 2026, i.e., the date of approval of the Policy by the board of directors of the Company (“**Board**”).
- 1.3 In this Policy, the term “**Offer Documents**” shall mean the draft red herring prospectus, the draft abridged prospectus, the red herring prospectus, the abridged prospectus, 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**”), the Registrar of Companies, Telangana at Hyderabad (the “**RoC**”) at and/or the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”, and together with the BSE, “**Stock Exchanges**” where the equity shares of the Company are proposed to be listed, and any other regulatory authorities, as applicable.

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

2. Identification of Group Companies

2.1 Requirement

As per the Regulation 2(1)(t) of SEBI ICDR Regulations, the term “Group Companies”, is defined to include “*such companies (other than promoter(s) and 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*”.

In light of this requirement, subject to paragraph 2.2, the following companies are to be treated as Group Companies of the Company:

- (i) companies (other than promoter(s) and subsidiaries, as applicable) with which there were related party transactions, during the period for which the restated consolidated financial information is disclosed in the relevant Offer Documents (the “**Relevant Period**”), as covered under Indian Accounting Standard (Ind AS) 24 (collectively, “**Accounting Standards**”); and
- (ii) companies considered to be material by the Board, in terms of the policy laid down in paragraph 2.2.

2.2 Policy on materiality

Based on the above-stated definition, for the purposes of paragraph 2.1(ii), a company (other than promoter(s) and subsidiaries of the Company and companies covered under the schedule of related party transactions) shall be considered ‘material’ and will be disclosed as a ‘Group Company’ in the respective Offer Documents, if such company is: (i) a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and (ii) has entered into one or more transactions with the Company (on a consolidated basis) during the most recent financial year and/or the relevant stub period, if any,, covered in the restated consolidated financial information included in the respective Offer Documents (“**Restated Consolidated Financial Information**”), that individually or in aggregate exceed 10.00% of the total

restated consolidated revenue of the Company, as per the Restated Consolidated Financial Information of the Company for the most recently completed financial year and/or the relevant stub period, if any, included in the respective Offer Documents.

The information about each of the group companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with the SEBI ICDR Regulations.

3. Identification of ‘Material’ Litigation

3.1 Requirement

A. As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of outstanding litigation involving the Company, its Subsidiaries, Directors and Promoters (“**Relevant Parties**”):

- (i) All outstanding criminal proceedings;
- (ii) All outstanding actions taken by statutory and/ or regulatory authorities;
- (iii) All outstanding taxation claims and proceedings – consolidated disclosures regarding claims related to direct and indirect taxes, giving details of number of cases and total amount involved; and
- (iv) Other pending litigation (including civil litigation or arbitration proceedings) – As per the policy of materiality as mentioned in paragraph 3.2 below defined by the Board and disclosed in the Offer Documents.
- (v) Further, as required under the SEBI ICDR Regulations, the Company shall disclose details of disciplinary actions including any penalty imposed by and show cause notices issued by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action preceding the relevant Offer Documents;

B. As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of outstanding litigation involving the KMP and SMP of the Company:

- (i) All outstanding criminal proceedings;
- (ii) All outstanding actions taken by statutory and/ or regulatory authorities;

3.2 Policy on materiality

Other than litigations mentioned in paragraphs 3.1 A- (i), (ii) and (iii) above, for the purpose of point (iv) above, any other pending litigation involving the Company and/or its Subsidiaries, its Directors and Promoters shall be considered “material” for the purpose of disclosure in the Offer Documents if:

- (i) the monetary value or expected impact in terms of value of claim/dispute amount/liability involved, to the extent quantifiable, whether by or against the Relevant Parties, in any such pending litigation is in excess of the lower of the following: (a) 2% of the net worth of the Company based on the Restated Consolidated Financial Information for the last completed Financial Year disclosed in the relevant Offer Document, except in case the arithmetic value of the net worth is negative; or (b) 2% of turnover of the Company based on the Restated Consolidated Financial Information for the last completed Financial Year disclosed in the relevant Offer Documents; or (c) 5% of the average of absolute value of profit or loss after tax of the Company as per the Restated Consolidated Financial Information for the last three Financial Years disclosed in the relevant Offer Documents (the “**Materiality Threshold**”);
- (ii) pending litigations where 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; or

- (iii) such pending litigation, the outcome of which is material from the perspective of the Company's business, operations, financial results, prospects or reputation, irrespective that the amount involved in such litigation may not meet the Materiality Threshold or that the monetary liability of such litigation is not quantifiable.

As per the information derived from the Restated Consolidated Financial Information

- (i) 2% of turnover of the Company, as per the Restated Consolidated Financial Information for the last completed Financial Year, i.e. for Financial Year 2026 disclosed in the relevant Offer Documents is ₹435.68 million;
- (ii) 2% of net worth of the Company, as per the Restated Consolidated Financial Information for the last completed Financial Year, i.e. as of Financial Year 2026 disclosed in the relevant Offer Documents is ₹461.66 million; and
- (iii) 5% of the average of absolute value of profit or loss after tax of the Company as per the Restated Consolidated Financial Information for the last three Financial Years, i.e. for the Financial Years 2024, 2025 and 2026 of the Company disclosed in the relevant Offer Documents is ₹99.69 million.

Accordingly, ₹461.66 million/₹435.68 million/₹99.69 million, being [2% of the net worth of the Company for the last completed Financial Year, i.e. for the Financial Year 2026/2% of turnover of the Company for the last completed Financial Year, i.e. as of Financial Year 2026/5% of the average of absolute value of profit or loss after tax of the Company for the last three Financial Years i.e. for the Financial Years 2024, 2025 and 2026 i.e. lower of the thresholds set out above has been considered as the Materiality Threshold for the purposes of disclosure in the draft red herring prospectus and the draft abridged prospectus.

It is clarified that:

- (i) In the event any tax matters involve an amount exceeding the Materiality Threshold (*defined above*), in relation to the Relevant Parties, individual disclosures of such tax matters will be included).
- (ii) First Information Reports ("**FIRs**") (whether cognizance has been taken or not by any court) initiated against the Relevant Parties shall also be disclosed in the Offer Documents. For outstanding actions taken by statutory and/ or regulatory authorities, such actions include all disciplinary actions, penalties and show cause notices issued by the respective statutory and/ or regulatory authorities.
- (iii) Pre-litigation notices (other than those issued by governmental, statutory, tax or regulatory, judicial, quasi-judicial authorities or notices threatening criminal action) and matters in which summons have not been received by the Relevant Parties, KMP and SMP shall not be considered as litigation and accordingly not be disclosed in the relevant Offer Documents until such time that any of the Relevant Parties, KMP and SMP as the case may be, are impleaded as defendants in the proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, statutory, judicial, quasi-judicial or regulatory authority of any such proceeding that may be commenced, or unless decided otherwise by the Board.

3.3 Group companies' litigation

In addition to the litigation specified in paragraphs 3.1 and 3.2, in accordance with the SEBI ICDR Regulations, the Company is also required to disclose any pending litigation involving its group companies (as identified under Paragraph 2 above, hereinafter "**Group Companies**"), which has a material impact on the Company. Accordingly, based on the review of the information provided to the Company through the certificates provided by the Group Companies, the Board shall consider such outstanding litigation involving the Group Companies as material, if such outstanding litigation are material from the perspective of Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

4. Identification of ‘Material’ Creditors

4.1 Requirement

As per the requirements of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents of details of outstanding dues to creditors:

- (i) based on the policy on materiality adopted by the Board details of creditors which includes consolidated number of creditors and the aggregate amount involved;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprise (“MSME”) and other creditors, separately giving details of number of cases and amount involved will be disclosed in the relevant Offer Documents; and
- (iii) 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.

4.2 Policy on materiality

For identification of material creditors, in terms of point (i) and (iii) 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 is equal to or exceed 5.00% of the total consolidated outstanding dues (i.e. ‘trade payables’) of the Company as of the end of the most recent period covered in the Restated Consolidated Financial Information included in the Offer Documents, i.e. ₹99.28 million, being 5.00% of ₹1,985.54 million, being the total restated consolidated outstanding dues (i.e. ‘trade payables’) of the Company for the Financial Year 2026 included in the Offer Documents.

5. General

It is clarified that the 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 by the Board/IPO Committee and in accordance with regulatory amendments from time to time. This Policy shall be without prejudice to any disclosure requirement which may be prescribed by SEBI and/or such 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.
