



SURAKSHA DIAGNOSTIC LIMITED

MATERIALITY POLICY ON CREDITORS & GROUP COMPANIES

MATERIALITY POLICY

1. Introduction

- 1.1 This materiality policy ("**Policy**") has been formulated for the identification of material outstanding litigation and outstanding dues to creditors of Suraksha Diagnostic Limited ("**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**") in respect of the following:
- a. Identification of material companies to be disclosed as group companies;
 - b. Identification of material litigation (excluding outstanding criminal proceedings, outstanding regulatory and statutory authorities, disciplinary actions including penalty imposed by SEBI or Stock Exchanges against the promoter in the last five financial years preceding the date of the relevant Offer Document including outstanding actions and outstanding taxation matters) involving the Company, its directors, its promoters, its subsidiaries and its group company, as applicable; and
 - c. Identification of material outstanding dues to creditors.
- 1.2 This Policy shall be effective from 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 red herring prospectus and the prospectus 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, the Registrar of Companies, West Bengal at Kolkata and/or stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.
- 1.4 All capitalised terms not specifically defined in this Policy shall have the same meaning ascribed to such terms in the Offer Documents.

2. Identification of Group Companies

2.1 Requirement

As per the SEBI ICDR Regulations, the term "Group Companies", is defined to include "*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*".

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*) with which there were related party transactions, during the period for which financial information is disclosed in the relevant Offer Document (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 shall be considered 'material' and will be disclosed as a 'Group Company' in the Offer Documents, if a company is a member of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more transactions with the Company (on a consolidated basis) in the most recent financial year and/or the relevant stub period (covered in the [Restated Consolidated Financial Information] included in the Offer Documents) that cumulatively exceed 10.00% of the total revenue of the Company, as per the [Restated Consolidated Financial Information] of the Company for the most recent completed financial year included in the Offer Documents and/ or the relevant stub period.

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3. Identification of 'Material' Litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters)

3.1 Requirement

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following classes of outstanding litigation involving the Company, its Subsidiary, Directors and Promoters:

- (i) All criminal proceedings (including matters which are at FIR stage even if no cognizance has been taken by any court);
- (ii) All actions (including all penalties, and show cause notices) by statutory and/ or regulatory 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) Taxation proceedings – consolidated manner giving details of number of cases and total amount involved. Provided that if the amount involved in any such claims exceeds the materiality threshold, such matter(s) shall be disclosed on an individual basis; and
- (v) Other pending litigation (including civil litigation or arbitration proceedings) – As per the policy of materiality defined by the Board and disclosed in the Offer Documents.

3.2 Policy on materiality

Other than litigations mentioned in paragraphs 3.1 (i), (ii), (iii) and (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 aggregate monetary amount of claim involved, whether by or against the Company, its Subsidiaries, Directors, or Promoters, in any such pending litigation is in excess of the lower of (a) 2% of the net worth of the Company as per the Restated Consolidated Financial Information as at the end of the preceding financial year, (b), 2% of turnover of the Company as per the Restated Consolidated Financial Information and 5% of the average of absolute value of profit/loss after tax of the Company as per the last three year's Restated Consolidated Financial Information. (the "**Materiality Threshold**");
- (ii) pending litigations where the decision in one case is likely to effect 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.

Further, pre-litigation notices (other than those issued by governmental, statutory, or regulatory authorities) received by the Company, its Subsidiaries, Directors or Promoters shall not be considered as material litigation until such time that any of the Company, its Subsidiaries, Directors or Promoters, as the case may be, is made a party to 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.

3.3 Group companies' litigation

In addition to the litigation specified in 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, the Board/IPO Committee shall consider such outstanding litigation involving the Group Companies as material, which are material from the perspective of Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

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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 of 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 and other creditors, separately giving details of number of cases and amount involved; and
- (iii) complete details about outstanding overdues 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 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].

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 additional disclosure requirement which may be prescribed by SEBI or the Stock Exchanges, including through any observations on the Offer Documents.