

MATERIALITY POLICY

1. Introduction

- 1.1 This materiality policy (“**Policy**”) has been formulated for the identification of group companies of Sapphire Foods India Limited (the “**Company**”), material outstanding litigation involving, the Company, its Subsidiaries, Directors, Promoters and Group Companies, and 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 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, 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, the Registrar of Companies, Maharashtra at Mumbai, and/or stock exchanges where the equity shares of the Company are proposed to be listed (“**Stock Exchanges**”), and any other regulatory authority, as applicable.

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, the following companies are to be treated as Group Companies of the Company:

- (i) companies (other than promoter(s) and subsidiary/subsidiaries, if any) 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 (“**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 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 in the most recent financial year and/or the relevant stub period (in respect of which Restated Financial Statements are included in the offer documents) that cumulatively exceed 10.00% of the total revenue of the Company, as per the Restated Financial Statements of the Company for such financial year and/or the relevant stub period, respectively.

Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations.

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

3.1 Policy on materiality

As per the requirements of SEBI ICDR Regulations, the Company is also required to disclose pending civil litigation, as per the policy of materiality defined by the Board and disclosed in the Offer Documents.

Pending litigation involving the Company, its Subsidiaries, its Directors and Promoter shall be considered "material" for the purpose of disclosure in the Offer Documents, in accordance with SEBI ICDR Regulations, if:

- (i) the aggregate monetary amount of claim involved, whether by or against the Company, its Subsidiaries, Directors, or Promoter, in any such pending litigation is in excess of 1% of the total revenue of the Company for the last completed financial year covered in the Restated Financial statements; or
- (ii) such pending litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of which could, nonetheless have a material adverse effect on the Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

Further, pre-litigation notices (other than those issued by governmental, statutory or regulatory authorities) received by the Company, its Subsidiaries, Directors or Promoter shall not be considered as litigation until such time that any of the Company, its

Subsidiaries, Directors or Promoter, 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.

3.2 Group companies' litigation

In addition to the litigation specified in 3.1, 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 list of outstanding litigation, 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.

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, and as disclosed in the Offer Document, complete disclosure for such 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 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) 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 consolidated trade payables of the Company as of the end of the most recent period covered in the Restated Financial Statements.

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.

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.
