



(FORMERLY KNOWN AS ADVANCE AGROLIFE PRIVATE LIMITED)

# ADVANCE AGROLIFE LIMITED

## POLICY ON IDENTIFICATION OF MATERIAL CREDITORS, GROUP COMPANIES AND MATERIAL LITIGATIONS

## **POLICY ON IDENTIFICATION OF MATERIAL CREDITORS, GROUP COMPANIES AND MATERIAL LITIGATIONS**

### **A. INTRODUCTION**

This Policy has been formulated to define the materiality for identification of outstanding material litigation, identification of group companies and outstanding dues to material creditors in respect of Advance Agrolife Limited and its Directors (the "**Company**"), pursuant to the disclosure requirements under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as may be amended from time to time ("**SEBI ICDR Regulations**").

### **B. APPLICABILITY AND OBJECTIVE**

This policy shall be called the 'Policy on Identification of Material Creditors, Group Companies and Material Litigations' ("**Materiality Policy**").

The Company has adopted this Materiality Policy for identification and determination of: (i) material creditors; (ii) group companies and (iii) material litigations pursuant to the provisions of SEBI ICDR Regulations, details of which shall be disclosed in the issue documents.

In this Materiality Policy, the term "**Offer Documents**" shall mean the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, Registrar of Companies, Jaipur ("**RoC**") and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this Materiality Policy shall have the same meanings ascribed to such terms in the SEBI ICDR Regulations.

In this Materiality Policy, unless the context otherwise requires:

- (i) Words denoting the singular shall include the plural and vice versa;
- (ii) References to the words "include" or "including" shall be construed without limitation.

### **C. POLICY PERTAINING TO THE IDENTIFICATION OF MATERIAL CREDITORS, GROUP COMPANIES AND MATERIAL LITIGATIONS**

The Materiality Policy with respect to the identification of the material creditors and material litigation shall be as follows:

#### **Identification of Material Creditors**

Requirement:

In terms of SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents and on the website of the company for outstanding dues to creditors:

- (i) Based on the policy on materiality defined by the Board of Directors of the Company and as disclosed in the Offer Document, details of 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 and other creditors, separately giving details of number of cases and amount involved; 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 in the offer Documents.

***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 creditors exceed 5 % of the total consolidated trade payables of the Company as per the latest restated consolidated financial statements of the Company, as disclosed in the offer Documents.

**Identification of Group Companies**

Requirement:

The policy with respect to the identification of the Group Companies of our Company shall be as follows:

As per SEBI ICDR Regulations, Group Companies shall include such companies (other than promoter(s) and subsidiary(ies)) 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.

**Policy on Materiality:**

For the purpose of disclosure in the offer Documents, a company shall be considered and disclosed as a Group Company if:

- a. such companies (other than promoter) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and
- b. any other companies considered material by the Board of Directors of the relevant issuer company.

Accordingly, for (a) above, all such companies (other than our Subsidiary) with which there were related party transactions during the periods covered in the Restated Consolidated Financial Statement, as per the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI (ICDR) Regulations. For the purpose of avoidance of doubt and pursuant to provisions of SEBI (ICDR) Regulations, 2018 it is clarified that our promoters and Subsidiary/Subsidiary Companies will not be considered as Group Companies for the purpose of this policy.

Those companies disclosed as having related party transactions in accordance with Accounting Standard (“AS 18”) issued by the Institute of Chartered Accountants of India, in the Restated Consolidated Financial Statements of the Company for the last three financial years and stub period.

All such companies which the Board has deemed to be material to be considered as Group Companies / Associates Companies.

Accordingly, as per the most recently completed fiscal or stub period as per the restated consolidated financial statements (“**Restated Financial Consolidated Statements**”) of the Company, as disclosed in the Issue Document.

### **Identification of Material Litigation**

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its material subsidiaries, Promoters, Directors of the Company related to:

- (i) All criminal proceedings;
- (ii) All actions by statutory and regulatory authorities;
- (iii) Claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (iv) Other material pending litigations - based on the threshold criteria mentioned below.
- (v) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;

Additionally, in terms of the SEBI ICDR Regulations, the Company is required to disclose any outstanding litigation involving the Group Companies, which may have a material impact on the Company. For the purposes of determining the outstanding litigation involving the Group Companies, which may have a material impact on the Company, the criteria specified under "*Policy on materiality*" herein below shall apply.

#### ***Policy on materiality:***

For the purpose of point number (iv) above, any other pending litigation involving the Company, Subsidiaries, Promoters and its Directors and shall be considered “material” for the purpose of disclosure in the Issue Documents if: -

- (i) the omission of an event or information, whose value or the expected impact in terms of value exceeds the exceeds the lower of the following as prescribed under the SEBI Listing Regulations (as amended from time to time) i.e.
  - a. two percent of turnover, as per the last annual restated consolidated financial statements of the Company; or
  - b. two percent of net worth, as per the latest annual restated consolidated financial statements except in case of the arithmetic value of the net worth is negative, as per the last audited consolidated financial statements of the Company;
  - c. five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the Company.

Accordingly, any transaction exceeding the lower of i, ii or iii, will be considered for the above purpose.; or

- (ii) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in individual litigation does not exceed the amount determined as per clause (a) above, and the amount involved in all of such cases taken together exceeds the amount determined as per clause (i) above; and

- (iii) any such litigation which does not meet the criteria set out in (a) above and an adverse outcome in which would materially and adversely affect the operations or financial position of the Company.

All criminal proceedings involving key managerial personnel and senior management of the issuer and also the actions by regulatory authorities and statutory authorities against such key managerial personnel and senior management of the issuer shall also be disclosed.

**D. AMENDMENT**

The Executive Chairman of the Company in consultation with the Board of Directors shall have the power to amend any of the provisions of this Materiality Policy, substitute any of the provisions with a new provision or replace this Materiality Policy entirely with a new Policy. This Materiality Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

**Effective Date: 21-03-2025**

**Date of the approval by the Board: 07-02-2026**

**Version: 02**

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