

MATERIALITY POLICY
OF
SJP ULTRASPONICS LIMITED
(Formerly Known as SJP Ultrasonics Private Limited)

This document defines the materiality policy in connection with the identification of:

- (i) outstanding material litigation involving the Company, its Directors, its Promoters and its Subsidiaries;
- (ii) its Group Companies; and
- (iii) the material creditors of the Company (collectively, the “**Policy**”), each in terms of the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”).

This Policy shall be effective from the date of its approval by the board of directors i.e **July 29, 2024**

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 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 (RoC), Mumbai - Maharashtra or the stock exchanges where the equity shares/stock of the Company are proposed to be listed, and any other regulatory authorities, as applicable.

I. Materiality policy for litigation

In terms of SEBI ICDR Regulations, the Company is required to disclose the following pending litigation involving itself, its Directors, its Promoters and its Subsidiaries in the Offer Documents. Accordingly, the details below shall be disclosed for litigation involving the Company, its Directors, its Promoters and its subsidiaries:

- (i) All outstanding criminal proceedings;
- (ii) All outstanding actions by statutory and / or regulatory authorities;
- (iii) Outstanding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and
- (iv) Other pending litigations/arbitration proceedings - As per the policy of materiality defined by the board of directors and disclosed in the offer documents and/or in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Additionally, in terms of the **SEBI ICDR Regulations**, the Company is required to disclose,

- a) Any disciplinary action (including a penalty) imposed by SEBI or any of the stock exchanges against any of the Promoters in the five Fiscal years preceding the date of the relevant offer document, including any outstanding action; and
- b) Outstanding litigation involving the Group Companies, which may have a material impact on the Company, as applicable.

For purposes of (iv) above, all outstanding litigation/ arbitration proceedings (other than as covered under (i) - (iii) above) involving the Company, its Directors, its Promoters and its Subsidiaries shall be considered “material” and disclosed in the Offer Documents:

- a) if the aggregate monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds 5% of the profit after tax of the Company for Fiscal Year 2023 as per the latest completed fiscal year in the restated consolidated financial statements of the Company to be included in the Offer Documents;

or

- b) where monetary liability is not determinable or quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold specified in (a) above, but the outcome of any such pending proceeding may have a material adverse effect on the business, operations, performance, prospects, position or reputation of the Company.

Pre-litigation notices received by the Company, its Directors, its Promoters, its Group Companies or its Subsidiaries from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall not be evaluated for materiality until the Company, its Directors, its Promoters, its Group Companies or its Subsidiaries isimpleaded as a defendant in proceedings before any judicial/ arbitral forum.

II. Materiality policy for group companies

In terms of the SEBI ICDR Regulations, the term 'group companies' includes:

- (i) Such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions, during the period for which financial information is disclosed in the relevant offer documents, as covered under the applicable accounting standards; and
- (ii) Any other companies considered material by the board of directors.

Accordingly, for (i) above, all such companies (other than the Subsidiaries) with which the Company had related party transactions during the period covered in the restated consolidated financial statements included in the Offer Documents, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

In addition, for the purposes of (ii) above, a company (other than the Subsidiaries and the companies covered under the schedule of related party transactions as per the restated consolidated financial statements included in the Offer Documents) shall be considered "material" and will be disclosed as a 'Group Company' in the Offer Documents, if:

It is a member of the Promoter Group (companies) (other than the Promoters) in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and the Company has entered into one or more transactions with such company during the last completed fiscal year (or relevant stub period, if applicable), which individually or cumulatively in value exceeds 10% of the revenue from operations of the Company for the last completed fiscal year as per the restated consolidated financial statements to be included in the Offer Documents. Information about Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations.

III. Materiality policy for material creditors

In terms of SEBI ICDR Regulations, the Company shall make the following disclosures in the Offer Documents for outstanding dues to creditors:

- (i) Based on the policy on materiality adopted by the board of directors and as disclosed in the Offer Documents, details of the Company's creditors, including the consolidated number of creditors and the aggregate amount involved; and
- (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.

For the purposes of identification of material creditors, in terms of point (i) above, a creditor of the Company, shall be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor is equal to or in excess of 5% of the total consolidated trade payables of the Company as at the end of the latest period in the restated consolidated financial statements to be included in the Offer Documents.

General

It is clarified that the Policy is solely for the purpose of disclosure requirements in Offer Documents prescribed under the SEBI ICDR Regulations and should not be applied towards any other purpose.

The Policy shall be without prejudice to any disclosure requirements which may be prescribed by SEBI and/ or any 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.

The Policy shall be subject to review/changes as may be deemed necessary and in accordance with applicable law from time to time.

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