

MATERIALITY POLICIES

This policy (“**Policy**”) has been formulated to define the materiality policy for identification of group companies, litigation, and outstanding dues to creditors in respect of Astonea Labs Limited (“**Company**”) for the purposes of relevant disclosure in the Offer Document (*defined herein as Draft Red Herring Prospectus/Red Herring Prospectus/ Prospectus*) pursuant to the requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) (“**SEBI ICDR Regulations**”).

Identification of ‘Material’ Group Companies:

Requirement:

As per the requirements of the SEBI ICDR Regulations, “**Group Companies**”, wherever this term occurs, shall include:

- (i) all companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in Offer Document(as covered under the applicable accounting standards); and
- (ii) any other companies as considered material by the board of directors (“**Board**”).

The policy on materiality for determination of such companies as considered material by the Board, as below, shall be disclosed in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus issued by the Company in accordance with the provisions of the SEBI ICDR Regulations for the initial public offering of its equity shares (“**Offer Documents**”).

Policy on materiality:

A company shall be considered material and disclosed as ‘Group Company’, if a company has entered into one or more related party transactions with our Company during the period for which financial information is disclosed in Offer Document.

Based on the above policy of materiality and SEBI (ICDR) requirement the following companies are identified as Group Companies of our Company:

- (a) Chemist India Limited
- (b) Shinto Organics Private Limited
- (c) Astonea One Private Limited
- (d) Ascot Biolabs Private Limited

For the avoidance of doubt, it is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/or such other applicable authority with respect to listed companies and that the above policy on materiality 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.

Identification of ‘Material’ Litigation (excluding criminal proceeding, statutory/regulatory actions and taxation matters):

Requirement:

As per the requirements of SEBI ICDR Regulations, the Company shall disclose all the litigations involving the Company/its directors/promoter/group companies/subsidiaries in relation to:

- (i) All criminal proceedings;
- (ii) All actions by statutory/regulatory authorities;
- (iii) Taxation – Separate disclosures regarding claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount;
- (iv) Other pending litigations – as per the policy of materiality defined by the Board of the issuer and disclosed in the Offer Documents.

Policy on materiality:

Other than litigations mentioned in points (i) to (iii) above, any other pending litigation involving the Company, its directors, promoter, subsidiaries, and group companies shall be considered “material” for the purpose of disclosure in the Offer Documents if –

- the potential financial liability/monetary claim by or against the Company, its directors, promoter, subsidiaries, and group companies in any such pending matter(s) is in excess of 10% of the total revenue of the Company as per restated financial statements.

It is clarified that the above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/or such other governmental authority with respect to listed companies and that the above policy on materiality is solely from the prospective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

Furthermore, the above policy on materiality shall be without prejudice to the disclosure requirements prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes, and other proceedings in the Offer Documents.

Identification of ‘Material’ Creditors:

Requirement:

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

- (i) based on the Policy on materiality of the Board and as disclosed in the Offer Documents, disclosure for such creditors;
- (ii) consolidated information on outstanding dues to small scale undertakings and other creditors, separately giving details of number of cases and amount involved;
- (iii) complete details about outstanding dues to creditors as per (i) and (ii) above shall be disclosed on the webpage of the company with a web link thereto in the Offer Documents.

Policy on materiality:

The Company shall make relevant disclosures in the Offer Document for such creditors as referred hereunder:

In accordance with our Company's materiality policy, creditors to whom an amount due is equal to or exceeds 5% of the total trade payables as per the latest Restated Financial Statements i.e. March 31, 2024 of the Company were considered 'material' creditors.

In accordance with our Company's materiality policy, Company considers dues exceeding 5% of our Company's trade payables as per the last Restated financial statements as on March 31, 2024, to small scale undertakings and other creditors, as material dues for our Company.

As per Restated Financial Statements, the trade payables of our Company as on March 31, 2024 were Rs. 2300.31 lakhs. Accordingly, a creditor has been considered 'material' if the amount due to such creditor exceeds Rs. 115.02 lakhs as on March 31, 2024. As on March 31, 2024, there are 02 creditors to each of whom our Company owes amounts exceeding 5% of our Company's total trade payables and the aggregate outstanding dues to them being approximately Rs. 284.55 Lakhs.

As per the above materiality policy, the outstanding amount owned to small scale undertakings and material creditors as on March 31, 2024, by our Company is as follows:

Particulars	Number of Cases	Amount Involved (₹ in Lakhs)
Micro, Small and Medium Enterprises (MSME)*	36	814.75
Material Creditors	02	284.55
Creditors other than MSME	233	1485.56

**Entities that are identified as "Micro, Small and Medium Enterprises"(MSME) under the Restated Financial Statements as on March 31, 2024 are considered as micro small and medium enterprises.*

#All our material creditors form part of creditors falling under the category of MSME and creditors other than MSME. Hence, this amount forms part of the amounts due to MSME creditors and other than MSME creditors.

The details pertaining to amounts due towards material creditors are available on the website of our Company at www.astonea.org