



TERRYTEX LTD  
**TC TERRYTEX LIMITED**

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

### **A. INTRODUCTION**

This Policy has been formulated to define the materiality for the identification of material group companies, outstanding material litigation, and outstanding dues to material creditors in respect of T.C. Terrytex Limited (the "Company"). This is in accordance with the disclosure 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").

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

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

The Company has adopted this Policy for the identification and determination of:

1. Material Group Companies
2. Material Creditors
3. Material Litigations

These identifications are in compliance with the provisions of SEBI ICDR Regulations, and the details of such identifications shall be disclosed in the offer documents.

In this Policy, the term "**Offer Documents**" shall refer to the Draft Prospectus and the Prospectus to be filed by the Company in connection with the proposed initial public offering (IPO) of its equity shares with the Securities and Exchange Board of India (SEBI), Registrar of Companies, Mumbai ("ROC"), and stock exchanges where the equity shares of the Company are proposed to be listed.

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 GROUP COMPANIES, MATERIAL CREDITORS, AND MATERIAL LITIGATIONS**

The Materiality Policy with respect to the identification of material group companies, material creditors, and material litigations is as follows:

#### ***1. Identification of Material Group Companies***

**Requirement:** As per the SEBI ICDR Regulations, Group Companies include such companies as covered under the applicable accounting standards (i.e., Indian Accounting Standard 24 ("Ind AS 24")), as per the restated consolidated financial statements for the last three (3) financial years and any subsequent stub period preceding the date of the Offer Document, which is included in such Offer Document. It also includes any other companies as considered material by the Board of Directors of the Company.

**Policy on Materiality:** Group companies of the Company shall include:

- Companies (other than subsidiaries) that are part of the Promoter Group.
- Companies that have entered into transactions with the Company during the most recent financial year and have, either individually or cumulatively, exceeded 5% of the consolidated revenue of the Company derived from the restated consolidated financial information of the last completed full financial year.
- Any other companies considered as 'material' by the Board.

## ***2. Identification of Material Creditors***

**Requirement:** In line with the SEBI ICDR Regulations, the Company is required to make relevant disclosures in the Offer Documents for outstanding dues to creditors:

1. Based on the materiality policy defined by the Board of Directors and disclosed in the Offer Document, the Company shall disclose the consolidated number of creditors and the aggregate amount involved.
2. Separate disclosures for outstanding dues to micro, small, and medium enterprises (MSMEs) and other creditors, detailing the number of cases and amounts involved.
3. Complete details of outstanding dues to material creditors, along with the name and amount involved for each material creditor, shall be disclosed on the Company's website with a web link to the Offer Documents.

**Policy on Materiality:** A creditor of the Company shall be considered material for the purpose of disclosure in the Offer Documents if the amounts due to such creditor exceed 5% of the total consolidated trade payables of the Company, as per the latest restated financial statements of the Company disclosed in the Offer Documents.

**Disclosures in the Offer Documents:**

- For creditors identified as 'material', information on outstanding dues shall be disclosed in the Offer Documents, including details of the material creditors and the consolidated number of creditors and amounts involved, as of the latest restated financial statements.
- For MSMEs, the disclosure will be based on information available with the Company regarding the status of creditors as MSMEs, as defined under the Micro, Small, and Medium Enterprises Development Act, 2006, as amended.
- Details about outstanding dues to material creditors will be disclosed on the Company's website with a link to the Offer Documents.

## ***3. Identification of Material Litigation***

**Requirement:** As per the SEBI ICDR Regulations, the Company shall disclose all the litigation involving the Company, its group companies, its promoters, and directors related to:

- Criminal proceedings
- Actions by statutory/regulatory authorities
- Claims related to direct and indirect taxes, in a consolidated manner, giving details of the number of cases and total amount
- Other material pending litigations, as per the materiality policy defined by the Board and disclosed in the Offer Documents



In addition, any outstanding litigation involving the group companies, which may have a material impact on the Company, shall also be disclosed.

**Policy on Materiality:** For the purpose of identifying material litigation:

1. Any outstanding litigation or arbitration proceedings involving the Company, its subsidiaries, promoters, or directors shall be considered material if:
  - The monetary claim exceeds 1% of the consolidated revenue from operations of the Company as per the restated financial statements.
  - Where monetary liability is not quantifiable, but the outcome could materially affect the business, operations, performance, or reputation of the Company.
2. Pre-litigation notices received by the Company, subsidiaries, promoters, or directors are not evaluated for materiality unless they are impleaded as defendants in judicial proceedings. However, all outstanding litigations involving the Company, subsidiaries, promoters, and directors shall be disclosed.
3. Pending litigations involving the Company, promoter, or director, or any group companies whose outcome could have a material impact on the business, operations, or reputation of the Company shall be considered material.

#### **D. AMENDMENT**

The Managing Director of the Company shall have the power to amend any provisions of this Policy, substitute any provisions with new provisions, or replace this Policy entirely with a new Policy. This Policy is subject to review and amendments as may be deemed necessary and in accordance with regulatory changes from time to time.

**END OF POLICY**