ANNEXURE-A

MATERIALITY POLICY

I. Introduction

This policy (the "**Materiality Policy**") has been formulated to define the respective materiality thresholds in respect of the proposed initial public offering of the equity shares of Alpine Texworld Limited (the "**Company**" and such proposed initial public offering, the "**Issue**") in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"), to be disclosed in the draft red herring prospectus, the red herring prospectus, the prospectus and any addendum or corrigendum thereto (collectively, the "**Issue Documents**") to be filed by the Company in connection with the Issue with the Securities and Exchange Board of India ("**SEBI**"), the Registrar of Companies, Ahmedabad and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable in respect of the following:

(i) identification of all material outstanding legal proceedings (in addition to all criminal proceedings, actions by statutory/ regulatory authorities and taxation proceedings) involving the Company, its promoters and directors (collectively, the "**Relevant Parties**");
(ii) identification of certain outstanding legal proceedings involving the key managerial personnel ("**KMP**") and senior management ("**Senior Management**") of the Company, each as identified in the Issue Documents;
(iii) identification of group companies to be disclosed in the Issue Documents ("**Group Companies**");
(iv) disclosure of material outstanding litigation involving the Group Companies of the Company; and
(v) identification of material dues owed to creditors of the Company.

II. Identification of material litigation

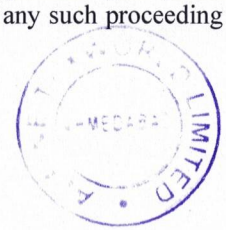
As per the requirements of the SEBI ICDR Regulations, the following litigations involving the Relevant Parties, shall be disclosed in the Issue Documents:

(i) all outstanding criminal proceedings (including first information reports ("**FIR**"), whether cognizance has been taken or not);
(ii) all outstanding actions by regulatory and statutory authorities (including all disciplinary actions, penalties, and show cause notices);
(iii) disciplinary action(s), including penalty imposed by the SEBI or stock exchanges against the promoters in the last five financial years, including any outstanding action(s);
(iv) all outstanding claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
(v) other pending litigation (including civil litigation or arbitration proceedings), where the value or expected impact in terms of value exceeds the Materiality Threshold (*as defined below*).

Further, as per the requirements of the SEBI ICDR Regulations, the following outstanding litigations involving the KMPs and Senior Management, shall be disclosed in the Issue Documents:

(i) all outstanding criminal proceedings (including FIRs, whether cognizance has been taken or not); and
(ii) all outstanding actions (including all disciplinary actions, penalties, and show cause notices) by regulatory authorities and statutory authorities against such KMP(s) and Senior Management.

For the purposes of the above, pre-litigation notices received by Relevant Parties, including by KMPs and Senior Management, from third parties (excluding those notices issued by statutory or regulatory or governmental or taxation authorities), shall not be considered as litigation until such time that the Relevant Parties are not impleaded as a defendant or respondent in the litigation proceedings before any judicial/ quasi-judicial or arbitral forum or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.



Additionally, as per the requirements of SEBI ICDR Regulations, the Issue Documents shall also disclose such outstanding litigation involving the Group Companies, which has a material impact on the Company.

A. ***Materiality Threshold*:**

Other than the litigation mentioned in points (i) to (iv) above, in accordance with the SEBI ICDR Regulations, any other outstanding litigation involving the Relevant Parties (including outstanding tax litigation mentioned in point (iv) above) would be considered 'material' for the purpose of disclosure in the Issue Documents, if the monetary amount is lower of any of the following thresholds:

(i) As per the policy of materiality defined by the board of directors of the Company and disclosed in the Issue Documents; or

(ii) Where the value or expected impact in terms of value, exceeds the lower of the following:

a. two percent of turnover, as per the latest annual restated consolidated financial statements of the Company; or
b. two percent of the net worth, as per the latest annual restated consolidated financial statements of the Company, except in the case the arithmetic value of the net worth is negative; or
c. five percent of the average of absolute value of profit or loss after tax for the last three financial years as per the restated consolidated financial statements.

For the purposes of disclosure in the Issue Documents, it is proposed the lower of the values included in point (ii) above shall be considered (such monetary amount, the "**Materiality Threshold**").

B. ***Other outstanding litigation:***

In addition to the proceedings mentioned in point (v) above, which would exceed the Materiality Threshold, the following civil litigation or arbitration proceedings shall also be considered material in relation to the Relevant Parties:

(i) Such outstanding litigations where the decision in one litigation is likely to affect the decision in similar litigations, such that the cumulative amount involved in such matters exceeds the Materiality Threshold even though the amount involved in an individual litigation may not exceed the Materiality Threshold; and

(ii) All outstanding litigation which may not meet the Materiality Threshold or where the monetary liability is not determinable or quantifiable but nonetheless, directly or indirectly, or together with similar other proceedings, have a material adverse effect on the business, operations, performance or financial condition, reputation, results of operations or cash flows of the Company.

III. Identification of companies to be disclosed as group companies

(i) *Identification of Group Companies:*

In terms of the SEBI ICDR Regulations, the term 'group companies' includes (i) such companies (other than the promoter(s) and the subsidiary(ies)) with which there were related party transactions, during the period for which financial information is disclosed, as covered under applicable accounting standards; and (ii) any other companies considered material by the board of directors of the issuer company.

For the purpose of disclosure in the Issue Documents, the following companies shall be considered as 'Group Companies' of the Company:

1. Such companies (other than the promoter(s) and the subsidiary(ies)) with which the Company had related party transactions, as covered under the applicable accounting standard as covered under Ind AS 24, during the period for which the Restated Consolidated and Standalone Financial Statements has been disclosed in the Issue Documents; and

2. Any other companies considered material by the Board.

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In addition, for the purposes of point no. (2) above, the Board has formulated this Policy to identify 'material group companies' which shall include such company (other than the companies covered under point no. (1) above) shall be considered 'material' and which will disclosed as a 'group company' in in the Issue Documents, if it is a member of the promoter group in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which 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 will individually or cumulatively in value exceed 10% of the revenue from operations of the Company in the last completed fiscal year and the relevant stub period, as applicable, as per the Restated Consolidated and Standalone Financial Statement.

(ii) Litigation approach for Group Companies:

All Group Companies shall identify pending litigations which are considered material by the respective Group Companies. The board of directors of the Company will determine which of these identified litigation matters may have a material impact on the Company and these proceedings will be disclosed in the Issue Documents.

Any pending litigation involving the Group Companies, as identified in accordance with provisions of SEBI ICDR Regulations, would be considered to have a 'material impact' on the Company for the purpose of disclosure in the Issue Documents, if an adverse outcome from such pending litigation would materially and adversely affect the business, operations, cash flows, performance, financial position, or reputation of the Company.

The pre-litigation notices received by such Group Companies from third parties shall not be considered material until such time that such Group Company, is impleaded as a defendant or respondent in litigation that may be commenced before any judicial/quasi-judicial or arbitral forum or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

IV. Material dues owed to creditors

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

(i) based on the policy on materiality defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Issue Documents;
(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 will be disclosed in the Issue Documents; 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 in the Issue Documents.

Accordingly, for the purpose of identification of material creditors for disclosure in the Issue Documents, it is proposed that any creditor of the Company to whom an amount having a monetary value exceeds 5% of the restated consolidated trade payables of the Company, as on the end of the latest financial period/year disclosed in the Issue Documents, shall be considered material.

Further, for outstanding dues to MSME, the disclosure will be based on information available with the Company regarding status of the creditor as MSME as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by Statutory Auditors in preparing their audit report.

V. General

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013, as amended and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Issue Documents or by SEBI and/or such other applicable authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Issue Documents, or disclosures that may arise from any investor or other complaints.

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In this regard, it is clarified that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Issue Documents and should not be applied towards any other purpose including for disclosure of material information by listed entities pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This Materiality Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

All capitalised terms not specifically defined in this Materiality Policy shall have the meanings ascribed to such terms in the Issue Documents.

