

MATERIALITY POLICY

Introduction

This document has been formulated to define the materiality policy for identification of (i) outstanding material litigation involving Campus Activewear Limited (the “**Company**”), its subsidiaries, its directors and promoters; (ii) its group companies (such group companies identified in accordance with this Policy (as defined below)) and (iii) the material creditors of the Company (together, the “**Policy**”), 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**”).

The board of directors of the Company at their meeting held on 10th December, 2021, discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board of Directors.

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 the 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 and/or the stock exchanges where the equity shares 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 subsidiaries, its directors and its promoters:

- (i) All criminal proceedings
- (ii) All actions by statutory and / or regulatory authorities
- (iii) *Taxation proceedings*: Separate disclosures regarding 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.

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 of the Company in the five financial years preceding the relevant Offer Document, including any outstanding action; and (b) outstanding litigation involving the group companies (if any), the outcome of which may have a material impact on the Company, as applicable. The Company would pass a resolution taking on record such litigations of the group companies, if any.

For the purposes of determining material litigations /arbitration proceedings as mentioned in point (iv) above, the following criteria shall apply:

Any pending litigation / arbitration proceedings (other than litigations mentioned in points (i) to (iii) above) involving the Company, its subsidiaries, its promoters or its directors shall be considered “material” for the purposes of disclosure in the Offer Documents, if:

- (i) The aggregate monetary claim made by or against the Company, its subsidiaries, its promoters and / or its directors, (individually or in the aggregate), in any such pending litigation /

arbitration proceeding is equal to or in excess of 1.00% of the Company's profit after tax on a consolidated basis, derived from the most recently completed fiscal year as per the Restated Financial Information included in such Offer Document;

- (ii) Any such litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company; or
- (iii) Litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed 1.00% of the Company's profit after tax, on a consolidated basis, derived from the most recently completed fiscal year as per the Restated Financial Information included in such Offer Document.

Further, pre-litigation notices received by the Company, its subsidiaries, its promoters, its directors or a group company (collectively the "**Relevant Parties**") from third parties (excluding those notices issued by statutory / regulatory / tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board of Directors, not be considered a material litigation until such time that the Relevant Party is impleaded as a defendant in proceedings before any judicial / arbitral forum.

II. Materiality policy for Identification of Group Companies

In terms of the SEBI ICDR Regulations, the term 'group companies' includes (i) such companies (other than promoters and subsidiaries) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed in the relevant Offer Document, as covered under the applicable accounting standards, and (ii) any other companies as considered material by the Board of Directors.

Accordingly, for (i) above, all such companies with which there were related party transactions during the period covered in the Restated Financial Information, 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 companies covered under the schedule of related party transactions as per the Restated Financial Information) 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 of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and has entered into one or more transactions with the Company in the most recent financial year and any stub period, in respect of which Restated Financial Information are included in the Offer Documents, that cumulatively exceed 10.00% of the revenue from operations of our Company for the last completed financial year covered in the Restated Financial Information.

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 identification of 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 considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor is equal to or in excess of 5.00% of the consolidated trade payables of the Company as at the end of the latest period included in the Restated Financial Information.

General

It is clarified that the Policy 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.

The Policy shall be without prejudice to any disclosure requirements, which may be prescribed by SEBI and/ or such 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 regulatory amendments from time to time.

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