

STOVEC INDUSTRIES LIMITED

Approving Authority	Board of Directors of the Company
Version	2.0
Effective date	August 10, 2023

POLICY FOR DETERMINING MATERIAL INFORMATION

1. INTRODUCTION

As per Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Listed entity is required to frame a policy for determination of materiality of events or information which are required to be disclosed to the Stock Exchanges. In this context policy on Determination of Materiality for Disclosures (Policy) was framed and implemented by the Board on 6th November 2015. To align with the various amendments in Listing Regulations, the Board approve the changes in the existing policy from time to time.

2. OBJECTIVE

The objective of this Policy is to serve as a guiding charter to ensure that timely and adequate disclosure of events or information are made to the Stock Exchanges(s) under the Listing Regulations for the information of investors and public at large enabling them to take well informed decisions with regard to the securities of the Company.

3. EFFECTIVE DATE

This policy has been adopted by the Board of Directors of the Company ("Board") and shall be effective from the date as specified in the Listing Regulations (as amended from time to time).

4. MATERIAL EVENT AND/OR MATERIAL INFORMATION

- a) The Company shall make disclosures of the events specified in Para A of Part A of Schedule III of the Listing Regulations (specified in **Annexure-1**) without application of the guidelines for materiality, as these are deemed to be material events.
- b) The events or information specified in Para B of Part A of Schedule III of the Listing Regulations (specified in **Annexure-2**) will be disclosed based on application of the materiality criteria, as laid out in clause 5 below.
- c) In addition to the above, Para C and D of Part A of Schedule III of the Listing Regulations mandate disclosure of the followings:
 - major developments that are likely to affect business,
 - any change in accounting policies that may have a significant impact on the accounts of the Company.
 - any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities; and
 - any other disclosures as may be specified by SEBI from time to time.

5. GUIDELINES FOR DETERMINING MATERIALITY OF AN EVENT/INFORMATION

Materiality will be determined on a case-to-case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, the following criteria will be applied:

Qualitative Criteria

- a) The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; **or**
- b) The omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; **or**

Quantitative Criteria

- c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - i) 2% of turnover, as per the last audited consolidated financial statements of the Company;
 - ii) 2% of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - iii) 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company

In case of non-applicability of above criteria's:

- d) In case where the criteria specified in (a), (b) and (c) above are not applicable, an event or information may be treated as being material if in the opinion of the board of directors, the event or information is considered material.

In such cases the Managing Director of the Company shall circulate in writing the details relating to such event/information to the Board and the Board shall be the authority to determine the materiality of any such events/information, classify it as a Material Event/Information, manner and time of disclosure.

Provided that if the Board is of the opinion that any confidential information, which if disclosed is likely to put at risk the business interest of the Company, the Company shall not disclose the same. The Company to that extent shall make qualified disclosure to the Stock Exchanges, where the securities of the Company are listed.

In determining materiality, a number of factors such as the nature of the information, prevailing market conditions, general business practices, industry scenario, business outlook, etc., shall be taken into considerations.

In case an event or information is required to be disclosed in terms of the provisions of regulation 30 of Listing Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

6. AUTHORITY FOR DETERMINING MATERIALITY AND DISSEMINATION OF INFORMATION

- a) The materiality of the information or event in terms of Listing Regulations will be determined by the Managing Director ("**Authorized Person**") in consultation with the Chief Financial Officer, Company Secretary and concerned Head of Department as per regulation 30(5) of Listing Regulations.
- b) Once 'materiality of the event' is finalized, the content and format of disclosure shall be decided by the authorized person in consultation with Chief Financial Officer, Company Secretary and concerned Head of Department as the case may be.
- c) The Authorized Person will also decide the appropriate period/stage at which disclosure is to be filed with the stock exchanges including details that may be filed.
- d) The disclosure required to be filed with the stock exchanges, shall be signed by either the Managing Director or the Chief Financial Officer or the Company Secretary of the Company.
- e) The contact detail of the Authorized Person is given on the website of the Company viz. www.stovec.com.

7. DISCLOSURES:

Timing of disclosure to stock exchanges:

- The Company shall make disclosures of material information to the Stock Exchanges within the time as specified in Regulation 30(6) of the Listing Regulations, as amended from time to time.

Disclosure on website

- The events or information which has been disclosed to the relevant stock exchange under this Policy shall be hosted on the website of the Company for a minimum period of five years and, thereafter, as per the archival policy of the Company.

8. AMENDMENTS

The policy may be amended from time to time as the Board may deem fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the rules, regulations, notifications, orders, circulars, clarifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail over the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Version	Adopted /approved on	Effective from
V1	Approved by the Board on 6 th November, 2015	1 st December, 2015
V2	Approved by the Board on 10 th August, 2023.	14 th July, 2023

Annexure-1

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), *whole or substantially the whole of the undertaking(s)* or subsidiary of the listed entity, *sale of stake in associate company* of the listed entity or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- i) acquiring control, whether directly or indirectly; or
- ii) acquiring or agreement to acquire shares or voting rights in a company, *whether existing or to be incorporated*, whether directly or indirectly, such that –
 - a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company; or
 - b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
 - c) *the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub regulation (4) of regulation 30.*

Explanation (2) - For the purpose of this sub-paragraph, “*sale or disposal of subsidiary*” and “*sale of stake in associate company*” shall include-

- i) *an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or*
- ii) *an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.*

Explanation (3)- For the purpose of this sub-paragraph, “*undertaking*” and “*substantially the whole of the undertaking*” shall have the same meaning as given under section 180 of the Companies Act, 2013

2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
3. *New Rating(s)* or Revision in Rating(s).
4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
 - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
 - b) any cancellation of dividend with reasons thereof;
 - c) the decision on buyback of securities;

- d) the decision with respect to fund raising proposed to be undertaken
- e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
- f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- g) short particulars of any other alterations of capital, including calls;
- h) financial results;
- i) decision on voluntary delisting by the listed entity from stock exchange(s):

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

- 5A. *Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management* Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management:

Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.

Explanation: For the purpose of this clause, the term "directly or indirectly" includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.

6. Fraud or defaults by a listed entity, its promoter, *director*, key managerial personnel, *senior management or subsidiary* or arrest of key managerial personnel, *senior management*, promoter or *director* of the listed entity, *whether occurred within India or abroad*:

For the purpose of this sub-paragraph:

- (i) 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. (ii) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.*

- Explanation 1-* In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.
- Explanation 2-* Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), *senior management*, Auditor and Compliance Officer.
- 7A. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.
- 7B. **Resignation of independent director including reasons for resignation:** In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
- i. The letter of resignation along with] detailed reasons for the resignation as given by the said director
 - ii. Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - iii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided
 - iv. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (iii) above.
- 7C. *In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.*
- 7D. *In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty-five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).*
8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
- i. Decision to initiate resolution of loans/borrowings;
 - ii. Signing of Inter-Creditors Agreement (ICA) by lenders;
 - iii. Finalization of Resolution Plan;

- iv. Implementation of Resolution Plan;
 - v. Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders;
10. One time settlement with a bank.
 11. *Winding-up petition filed by any party / creditors*
 12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.
 13. Proceedings of Annual and extraordinary general meetings of the listed entity.
 14. Amendments to memorandum and articles of association of listed entity, in brief.
 15. (a) *Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet)] and presentations made by the listed entity to analysts or institutional investors.*

Explanation: *For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means*

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

- i. *the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;*
 - ii. *the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:*
16. *The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:*
 - a) *Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;*
 - b) *Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;*
 - c) *Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable ;*
 - d) *Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;*
 - e) *List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;*
 - f) *Appointment/ Replacement of the Resolution Professional;*
 - g) *Prior or post-facto intimation of the meetings of Committee of Creditors;*
 - h) *Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;*
 - i) *Number of resolution plans received by Resolution Professional;*
 - j) *Filing of resolution plan with the Tribunal;*
 - k) *Approval of resolution plan by the Tribunal or rejection, if applicable;*

- l) *Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:*
 - i. *Pre and Post net-worth of the company;*
 - ii. *Details of assets of the company post CIRP;*
 - iii. *Details of securities continuing to be imposed on the companies' assets;*
 - iv. *Other material liabilities imposed on the company;*
 - v. *Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;*
 - vi. *Details of funds infused in the company, creditors paid-off;*
 - vii. *Additional liability on the incoming investors due to the transaction, source of such funding etc.;*
 - viii. *Impact on the investor – revised P/E, RONW ratios etc.;*
 - ix. *Names of the new promoters, key managerial personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;*
 - x. *Brief description of business strategy.*
- m) *Any other material information not involving commercial secrets.*
- n) *Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;*
- o) *Quarterly disclosure of the status of achieving the MPS;*
- p) *The details as to the delisting plans, if any approved in the resolution plan.*

17. *Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:*

- a) *The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;*
- b) *Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.*

18. *Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity*

Explanation – *“social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021*

19. *Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior*

management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- a) *search or seizure; or*
- b) *re-opening of accounts under section 130 of the Companies Act, 2013; or*
- c) *investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the action(s) initiated, taken or orders passed:*
 - i. *name of the authority;*
 - ii. *nature and details of the action(s) taken, initiated or order(s) passed;*
 - iii. *date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;*
 - iv. *details of the violation(s)/contravention(s) committed or alleged to be committed;*
 - v. *impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.*

20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- a) *suspension;*
- b) *imposition of fine or penalty;*
- c) *settlement of proceedings;*
- d) *debarment;*
- e) *disqualification;*
- f) *closure of operations;*
- g) *sanctions imposed;*
- h) *warning or caution; or*
- i) *any other similar action(s) by whatever name called; along with the following details pertaining to the action(s) initiated, taken or orders passed:*
 - i. *name of the authority;*
 - ii. *nature and details of the action(s) taken, initiated or order(s) passed;*
 - iii. *date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;*
 - iv. *details of the violation(s)/contravention(s) committed or alleged to be committed*
 - v. *impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible*

21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.

Annexure-2Events which shall be disclosed upon application of the guidelines for materiality referred in Clause 5 of this policy read with sub-regulation (4) of regulation (30) of the Listing Regulations

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. *Any of the following events pertaining to the Company:*
 - a. *arrangements for strategic, technical, manufacturing, or marketing tie-up; or*
 - b. *adoption of new line(s) of business; or*
 - c. *closure of operation of any unit, division or subsidiary (in entirety or in piecemeal).*
3. Capacity addition or product launch
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company.
8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. *Frauds or defaults by employees of the listed entity which has or may have an impact on the Company.*
10. Options to purchase securities including any ESOP/ESPS Scheme
11. Giving of guarantees or indemnity or becoming a surety by whatever named called for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. *Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.*