



**POLICY FOR DETERMINING  
MATERIALITY OF AN EVENTS  
OR  
INFORMATION**

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## **POLICY FOR DETERMINING MATERIALITY OF AN EVENTS OR INFORMATION**

### **1. Preamble**

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Aarvee Denims And Exports Limited is one of the leading denim manufacturer Company of India, delivering superior and sustainable value to all our customers, business partners, shareholders, employee, workers and host community. Its having 3 manufacturing process unites in Gujarat having more than 2500 employees.

### **2. Purpose**

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The Securities and Exchange Board of India has formulated the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 by consolidating into ones ingle document across various types of securities listed on Stock Exchanges.

Pursuant to Regulation 30 of the said Listing Regulations, every listed company is required to formulate a Policy for determining materiality of an events or information of the Company.

### **3. Scope**

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The Policy has been prepared in accordance with the applicable provisions of Listing Regulations and Companies Act, 2013 and rules made thereunder. Any subsequent amendment/ modification in the applicable statutes in this regards shall automatically apply to this Policy.

This Policy describes, inter alia, the illustrative list of events or information which are considered to be material as per the Regulations and/ or in the opinion of Board. The Board vide this Policy has attempted to prescribe guidance for deciding the magnitude of the materiality of events and information.

This policy shall be put on the website of the company

### 3. Effectiveness

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This Policy shall be effective from 1<sup>st</sup> December, 2015.

### 4. Definitions

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Capitalized terms used but not defined herein shall have the same meaning as assigned thereto in the Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder or any other applicable laws or regulations, as the case may be.

**“Act”** means the Securities Exchange Board of India Act, 1992 (15 of 1992).

**“Board”** means Board of Directors of the Company.

**“Committee”** means any Committee formed by the Board.

**“Company”** or **“ADEL”** means AARVEE DENIMS AND EXPORTS Limited.

**“CEO”** means Chief Executive Officer as defined in Section 2(18) of the Companies Act, 2013.

**“CFO”** means Chief Financial Officer as defined in Section 2(19) of the Companies Act, 2013.

**“Company Secretary”** means the company secretary of the Company appointed in terms of the resolution passed by the Board of the Company in compliance of the provisions of the Companies Act, 2013.

**“Director”** means a member of the Board of Directors of the Company.

**“Investor”** means analyst, research personnel, securities market professional, individual, institutional investor or potential investor.

**“Key Managerial Personnel”**, in relation to a company, means—

- (i) The Chairman and Managing Director;

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- (ii) the Whole-time Director
- (iii) Chief Financial Officer (CFO)
- (iv) Chief Executive Officer (CEO)
- (v) The Company Secretary;

**“Managing Director”** means managing director as defined in Section 2(54) of the Companies Act, 2013.

**“Material Subsidiary”** means a subsidiary, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of Company and its subsidiaries in the immediately preceding accounting year.

**“Net worth”** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013

**“Officer”** means officer as defined in Section 2(59) of the Companies Act, 2013.

**“Paid-up share capital”** or “share capital paid-up” means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;

**“Regulations”** shall mean SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

**“SEBI Insider Regulations”** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

**“SEBI”** means the Securities and Exchange Board of India.

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**"Stock Exchange"** means a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 on which Equity shares of the Company are listed.

**"Turnover"** as defined under Section 2(91) of the Act means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

### 5. Disclosure of events or information

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Pursuant to regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, every listed Company shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

Events are specified as per attached **Annexure - A** and **Annexure - B** are deemed to be material events and shall require to make disclosure of such events.

Events are also requiring making disclosure of such events which are based on application of the guidelines for materiality as specified in sub-regulation (4).

### 6. Criteria for determination of materiality of events/ information

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- (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 insignificant market reaction if the said omission came to light at a later date;
- (c) an event/information may be treated as being material if in the opinion of the board of directors, the event/ information is considered material.

## **7. Principles for determining materiality of events**

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- a) Materiality will be determined on a case to case basis depending on nature of the events, specific facts, magnitude of likely impact in case such event is omitted to be disclosed and the circumstances relating to the information or event. To determine whether a particular event or information is material in nature, the company may either consider the criteria for determination of materiality of events/ information or
- b) Keeping in view the principle for determination of materiality of events or information, materiality threshold has been defined as follows for events / information specified in Annexure - B.

‘Such events or information shall be considered material:

- where the value involved in it exceeds 10% of the consolidated gross turnover or revenue or total income or net worth; **OR**
- where the impact of it exceeds 5% of the consolidated gross turnover or revenue or total income or net worth;

The above threshold shall be calculated on annualised basis on the basis of audited consolidated financial statements of the last audited financial year.

## **8. General Obligations for Prompt disclosure**

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Any one of, Chairman and Managing Director or Whole-time Director and Chief Executive Officer or Chief Financial Officer of the Company, is severally authorised to take a view on whether the event or information falls within the materiality threshold as mentioned above of this policy, which qualifies for disclosure under Regulation 30 (5) of the Listing Regulations and intimate either to the Company Secretary to disclose the said event / information to the Stock Exchanges or directly intimate to the Stock Exchanges about the said event / information. The contact details of

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Chairman and Managing Director or Whole-time Director and Chief Executive Officer or Chief Financial Officer, Company Secretary of the Company shall also be disclosed to the Stock Exchange(s) as well as on the website of the Company.

Company shall first disclose to stock exchange(s) of all events, as specified in Annexure or information as soon as reasonably possible and not later than 24 (Twenty four) hours from the occurrence of event or information.

Provided that in case the disclosure is made after 24(Twenty four) hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay.

Company shall with respect to disclosures referred to the regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the regulation, and such disclosures shall be hosted on the website of the Company. i.e. [www.aarvee-denims.com](http://www.aarvee-denims.com) for a minimum period of five years.

Company shall disclose all events or information with respect to subsidiaries which are material.

Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.

Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

In case where an event occurs or information is available with the Company, which has not been indicated in annexure, but which may have material effect on it, the Company is required to make adequate disclosures in regard thereof.

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### 9. Modification and Amendments

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ADEL reserves all right to modify and/or amend this Policy at any time. This Policy and subsequent amendment(s) thereto, shall be promptly intimated to the Board.

### 10. Other requirements

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The Company shall ensure the compliance of other application provisions of SEBI Listing Regulations in this regard.

This policy for determining materiality of events or information and any amendment thereof shall also be published on the official website of ADEL.

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**Annexure - A**

**Events which shall be disclosed without any application of the guidelines for materiality.**

- (a) Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of Company or any other restructuring.
- (b) 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.
- (c) Revision in Rating(s).
- (d) Outcome of Meetings of the board of directors: The Company shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
  - i. 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;
  - ii. any cancellation of dividend with reasons thereof;
  - iii. the decision on buyback of securities;
  - iv. the decision with respect to fund raising proposed to be undertaken;
  - v. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;

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- vi. 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;
  - vii. short particulars of any other alterations of capital, including calls;
  - viii. financial results;
  - ix. decision on voluntary delisting from stock exchange(s).
- (e) Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the Company), 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.
- (f) Fraud/defaults by promoter or key managerial personnel or arrest of key managerial personnel or promoter.
- (g) Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
- (h) Appointment or discontinuation of share transfer agent.
- (i) Corporate debt restructuring.
- (j) One time settlement with a bank.
- (k) Reference to BIFR and winding-up petition filed by any party /creditors.
- (l) 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.

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- (m) Proceedings of Annual General Meetings (AGM) and Extraordinary General Meetings (EOGM) of the Company.
- (n) Amendments to Memorandum of Association (MOA) and Articles of Association (AOA) of Company, in brief.
- (o) Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;

**Annexure - B**

**Events which shall be disclosed upon application of the guidelines for Materiality.**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or 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) (as a borrower) 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.

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6. Disruption of operations of any one or more units or division of the Company 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. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and 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.
14. Company may make disclosures of event/information as specified by the Board from time to time.

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