



STOVEC

STOVEC INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL INFORMATION PURSUANT TO REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

(Effective from 1st December, 2015)

POLICY FOR DETERMINING MATERIAL INFORMATION**Introduction**

Securities and Exchange Board of India (“SEBI”) vide Notification dated: 2nd September, 2015 has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) which will be effective from 1st December, 2015. As per Regulation 30(4)(ii) of the Listing Regulations, the listed companies are required to frame a policy for determination of materiality of information/events and for making disclosures under the said Listing Regulation to the Stock Exchange(s) where the securities of the Company are listed.

1. Objective

In terms of Regulation 30 (4) (ii) of the Listing Regulations, the Board of Directors (the “Board”) of Stovec Industries Limited (the “Company”) has adopted this Policy at its meeting held on 6th November, 2015, for determination of material information, so that such information can be promptly disclosed to the stock exchanges, as per the prescribed Listing Regulations.

2. Effective Date:

This Policy shall be effective from **1st December, 2015**.

3. Material Information and Guidelines for determination of Materiality

- A.** Events specified under **Annexure-1** of this Policy would be per se Material Events.
- B.** Events specified under **Annexure-2** of this Policy, based on the threshold as prescribed in **Annexure-2** of this policy shall be deemed to be Material.

Guidelines for determining Materiality of an event/information specified in Annexure-2

- i) 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, ‘quantitative’ criteria will be applied.
- ii) In circumstances where ‘quantitative’ test may not be applicable or cannot be applied, a ‘qualitative’ or a ‘subjective’ criteria as under will be applied to determine materiality:
 - 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
 - ❖ result in significant market reaction if the said omission came to light at a later date.
- b) Any event or information having a significant risk to the reputation of the Company
- c) In the opinion of the Authorized Person or the Board, the event/information ought to be disclosed.
- iii) In determining materiality a number of factors such as the nature of the information (both quantitative and qualitative), prevailing market conditions, general business practices, industry scenario, business outlook, etc., shall be taken into considerations.
- iv) The Company will disclose material information concerning the business and affairs of the Company to the public except when disclosure is not permitted by law and/or when otherwise required for the purpose of maintaining the confidentiality of the information.

C. Other Information/Event:

In case where the quantitative or qualitative or subjective criteria as specified above are not applicable and/or the event/information has not been indicated in Clause 3 (A) to (B) of this Policy, such event/information may be treated as being material, if in the opinion of the Board, the said event/information is considered as material and may have a material effect on the Company.

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, decide the appropriate time at which disclosure is to be filed with the stock exchanges and details that may be filed in the best interest of present and potential investors.

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.

4. Authorized Persons

- a) The materiality or otherwise of an 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.

- 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.
- 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.

5. Disclosure of Material Information to Stock Exchanges

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

6. Amendment

In any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this policy and procedures until such time this policy is changed to conform to the new/amended law, rule, regulation or standard.

Annexure-1

1. 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 the Company or any other restructuring.

Explanation.: - For the purpose of this sub-para, the word 'acquisition' shall mean,-

- (i) acquiring control, whether directly or indirectly; or,
 - (ii) acquiring or agreeing to acquire shares or voting rights in a company, whether directly or indirectly, such that -
 - (a) the Company 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-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
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. Revision in Rating(s).
 4. Outcome of Meetings of the Board of Directors.

The Company shall disclose to the Stock 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) Re-issue 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 Company from Stock Exchange(s).
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 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.

6. Fraud/defaults by Promoter or Key Managerial Personnel or by the Company or arrest of Key Managerial Personnel or Promoter.
7. Change in Directors, Key Managerial Personnel (Managing Director/Chief Executive Officer, Chief Financial Officer, Company Secretary), Auditor and Compliance Officer.
8. Appointment or discontinuation of Share Transfer Agent.
9. Corporate Debt Restructuring.
10. One time settlement with a Bank.
11. Reference to BIFR and 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 Company.
13. Proceedings of Annual and Extra-ordinary General Meetings of the Company.
14. Amendments to Memorandum and Articles of Association of the Company, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

Annexure-2

Sr. No.	Event/Information	Threshold
1.	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.	The delay in commencement of commercial operation by 3 months or more beyond the committed time, as may have been informed to the Board for commercial operation shall be considered "Material".
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).	Impact on turnover exceeding 20 % of the turnover of the Company as per the last audited consolidated annual financial statements of the Company shall be considered "Material".
3.	Capacity addition or product launch.	<p>Capacity Expansion: Capacity Expansion (in terms of investment in Capital Expenditure) in a financial year exceeding 20 % of Net Worth of the Company, as per the last audited consolidated annual financial statements of the company, shall be considered "Material".</p> <p>Product Launch: Any New Product Launch which is expected to generate revenue exceeding 10 % of the turnover of the Company, as per the last audited annual consolidated financial statements of the Company shall be considered "Material".</p> <p>New Product is defined as an item/product which is not similar to the existing line of business/product portfolio.</p>
4.	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	Singly Awarded/Received orders/contracts in a financial year from a single customer or termination thereof, which accounts for more than 20% of annual consolidated turnover, as per the last audited consolidated annual financial statements of the

		Company, shall be considered "Material".
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.	<p>i) Agreement for taking loan exceeding the amount of 25 % of the Net Worth of the Company, as per the last audited consolidated annual financial statements of the Company and which requires an appointment of Nominee Director/Person representing on the Board of Directors of the Company shall be considered as "Material".</p> <p>ii) Any Agreement which require mandatory appointment of representative of other party to the Agreement, on the Board of Directors of the Company shall be considered "Material."</p>
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.	Disruption of operation of any one or more units or division of the Company for more than 2 months and which impact turnover of the Company exceeding 20 % of the turnover as per the last audited consolidated annual financial statements of the Company shall be considered "Material".
7.	Effect(s) arising out of change in the regulatory framework applicable to the Company.	Any change in the regulatory framework, which may impact the Profitability of the Company exceeding (+/-) 10 % of the Net Profit, as per the last audited consolidated annual financial statements of the Company, shall be considered "Material".
8.	Litigation(s) / dispute(s) / regulatory action(s) with impact.	Any Litigation(s)/ Dispute(s)/Regulatory action(s) which result in to closure of business operation (even it is for a time being) or a dispute with Labour or its union which result into closure of business operation may be due to strike etc., or Litigation in which the order passed by court/tribunal resulted in liability for the Company

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		exceeding 20 % of its consolidated Profit before tax for the immediately preceding financial year, as per the last audited consolidated annual financial statements of the Company, shall be considered "Material".
9.	Fraud/defaults etc. by Directors (other than Key Managerial Personnel) or Employees of the Company.	To be determined as per Note below.
10.	Options to purchase securities including any ESOP/ESPS Scheme.	Not Applicable, as the Company does not have any ESOP/ESPS Scheme.
11.	Giving of guarantees or indemnity or becoming a surety for any third party.	Any single guarantee/indemnity or becoming a surety for any third party having an impact exceeding 10 % of Net Profit of the Company, as per the last audited annual consolidated financial statements of the Company shall be considered "Material"
12.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals which may impact the profitability of the Company exceeding (+/-) 10 % of the Net Profit, as per the last audited consolidated annual financial statements of the Company, shall be considered "Material".
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.	To be determined as per Note below.

Note: Notwithstanding anything stated above, the Authorized Person may apply a qualitative criteria for deeming an event/information to be material or not, in cases where aforementioned quantitative criteria cannot be ascertained/applied reasonably.