

# **POLICY FOR DETERMINATION OF MATERIALIATY OF EVENTS OR INFORMATION**



## **1. STATUTORY MANDATE**

The Board of Directors (The “Board”) of Kitex Garments Limited (the “Company”) has adopted the following policy and procedures with regard to determination of materiality of events as per clause 30 (4) (ii) of SEBI (LODR) Regulation, 2015 which are necessary to be disclosed to the stock exchanges based on criteria as may be deemed necessary and has been adopted as part of this policy. The Board may review and amend this policy from time to time.

This Policy was originally adopted at the Board Meeting held on 25th January, 2016 is in terms of Clause 30 of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and SEBI Circular No. CIR/CFD/CMD/4/2015 dated 09.09.2015 and such amendments made there to from time to time.

## **2. POLICY OBJECTIVE AND SCOPE**

To determine the events and information which in the opinion of the Board are Material and needs to be disclosed to the Stock Exchanges as per the time span hitherto defined.

The purpose of this documents to present a high level policy statement for Kitex Garments Limited (KGL) regarding Policy for determination of materiality of events in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

The policy is intended to define KGL’s policy on Policy for determination of materiality of events/ information and to provide guidance to the Board of Directors, KMPs and other executives and staff working in KGL in making decisions and undertaking regarding its responsibility about making public such events/ information which may materially affect the performance of the company and thereby the share prices of the Company.

The policy is framed for the purpose of systematic identification, categorization, review, disclosure and updating website regarding the details of information / events which are considered material or not but which may have a bearing on the performance of the Company and which may materially affect the share prices of the company.

All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the SEBI’s LODR, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

## **3. DEFINITIONS**

“**Audit Committee or Committee**” means Audit Committee constituted by the Board of Director of the Company, from time to time under provisions of SEBI LODR, 2015, RBI Act and/or the Companies Act, 2013.

**“Board of Directors or Board”** means the Board of Directors of the Company, as constituted from time to time.

**“Company”** means a Kitex Garments Limited, a Public Limited Company incorporated under the Companies Act, 1956 or under any other act prior to or after Companies Act, 1956.

**“Independent Director”** means a Director of the Company, not being a Whole Time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Section 149(6) and Schedule IV of the Companies Act, 2013 and the LODR entered into with the stock exchanges.

**“Policy”** means Policy for determination of materiality of events as per provisions of Regulation 30 of LODR, 2015 as amended from time to time.

**“Material Events”** are those that are specified in Para A of Part A of Schedule III of the LODR.

**“Other Events”** are those as may be decided from time to time and in accordance with Para B of Part A of Schedule III, as specified in sub- regulation 30(4) of the LODR.

**“LODR”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**“Key Managerial Personnel”** (KMP) of the Company includes Managing / Whole-time Directors, Chief Financial Officer / Company Secretary, who may be authorized individually or collectively for the purpose of determination of materiality of events or information as per Regulation 30 (5) of LODR to the Stock Exchange.

#### **4. POLICY**

Either based on the recommendation of the Audit Committee of Directors or the Board of Directors suo moto or Board authorized Key Managerial Personnel (KMPs) consisting of Managing/Whole-time Director, Chief Financial Officer/ Company Secretary of the Company shall determine the events which are classified under different categories to be material and / or other events having a bearing on the performance of the Company and on the share prices of the Company, which needs to be disclosed to the stock exchanges within the specified timelines listed out in the Regulations as well as any other circulars issued by SEBI from time-to-time.

#### **CATEGORY - A**

Events considered Material in view of the Board of Directors which needs to be disclosed to the stock exchanges within the specified timelines listed out in the Regulations as well as any other circulars issued by SEBI from time-to-time:

- Acquisition, (including agreement to acquire), Scheme of Arrangement (amalgamation / merger / demerger / restructuring), or 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.
- 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.
- New Rating(s) or Revision in Rating(s).
- 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.
- Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company 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 or control of the Company or impose any restriction or create any liability upon the Company, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements.
- Fraud or defaults by the Company, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the Company, whether occurred within India or abroad.
- Change in Directors, Key Managerial Personnel, Auditor and Compliance Officer.
- Appointment or discontinuation of share transfer agent.
- Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions.
- One time settlement with a bank.
- Winding-up petition filed by any party / creditors
- 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.

- Proceedings of the Annual and Extra General Meetings of the listed entity.
- Amendments to Memorandum and Articles of Association of the listed entity, in brief.
- Schedule of analysts or institutional investors meet at least two working days in advance.
- Events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code as specified in the regulation.
- Initiation of Forensic audit.
- Announcement or communication through social media intermediaries or mainstream media of any event or information which is material for the Company in terms these Regulations and is not already made available in the public domain by the listed entity.
- Action(s) initiated or taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company.
- Voluntary revision of financial statements or the report of the board of directors of the Company under section 131 of the Companies Act, 2013.

#### **CATEGORY - B**

Events / decisions considered material in view of the Board of Directors which needs to be disclosed to the stock exchanges within 30 minutes of the conclusion of the Board Meeting are:

- Declaration of Dividend and/ or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched.
- Cancellation of dividend with reasons thereof;
- Buyback of shares
- Fund raising proposed to be undertaken.
- Increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched.
- 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;
- Alteration of capital including calls

- Financial results
- Voluntary delisting from stock exchanges

### **CATETORY - C**

Events which shall be disclosed upon application of the guidelines for materiality referred to Regulation 30(4) of SEBI (LODR), 2015 and as referred to in the forgoing policy:

- Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
- 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).
- Capacity addition or product launch.
- Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
- 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.
- 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.
- Effect(s) arising out of change in the regulatory framework applicable to the Company.
- Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
- Frauds or defaults by employees of the listed entity which has or may have an impact on the Company.
- Options to purchase securities including ESOP/ESPS scheme
- Giving of guarantees or indemnity or becoming a surety for any third party
- Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.

- Any other information / event viz. major development that is likely to affect the 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 securities holders of the Company to appraise its position and to avoid the establishment of a false market in the securities of the Company.
- Occurrence of any event or availability of information which is not specified pursuant to the Regulation 30 of the Regulations, but which may have material effect on the Company.

Note: In case the disclosure is made after the specified timelines listed out in the Regulations as well as any other circulars issued by SEBI from time-to-time, the Company shall along with such disclosure provide the explanation for the delay.

The Management shall periodically bring to the attention of the Board of Directors of the Company, all information, events or materials which in its opinion has to be brought to the attention of the Members of the Stock Exchanges.

In case where an event occurs or an information is available with the listed entity, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, the listed entity is required to make adequate disclosures in regard thereof.

## **5. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION**

- a) Materiality has to be determined on a case-to-case basis depending on specific facts and circumstances relating to the information/event.
- b) In order to determine whether a particular event/information is material in nature, the Company shall consider the criteria(s) mentioned below.
  - i. The omission of an event or information would likely to result in discontinuity or alteration of event or information already available publicly; or
  - ii. 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
  - iii. The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
    - a) two percent of turnover, as per the last audited consolidated financial statements of the Company;

- b) two percent 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;
- c) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company
- iv. In case where the criteria specified in above clauses is not applicable, an event or information may be treated as being material if in the opinion of the Board, the event or information is considered material

#### **6. AUTHORITY FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION**

The Key Managerial Personnel (KMPs) consisting of the Managing / Whole - Time Director, Chief Financial Officer / Company Secretary are hereby jointly and severally authorised to determine whether an event / information is material or not and in turn about its time line for disclosure based on the category of information as specified above, to the stock exchanges, subject to such information being placed prior to or at the immediate Board Meeting held after the said information being made public.

#### **7. WEBSITE UPDATION / UPDATES TO STOCK EXCHANGES**

The Company shall make disclosure of all such events/information within the specified timelines listed out in the Regulations as well as any other circulars issued by SEBI from time-to-time.

The Company shall disclose this Policy on its website.

Further, the Company shall also disclose on its website all such events/information which has been disclosed to Stock Exchanges under this Policy, and such disclosures shall be hosted on the website of the Company for a minimum period of five (5) years and thereafter as per the archival policy of the Company.

#### **8. DISASTER PREPAREDNESS**

KGL maintains a Business Continuity Plan (BCP) designed to ensure safety of staff as well as members of the general public, safeguard the documents and records pertaining to all material / non-material events and information which would enable a return to normal operating with minimal disruption. Detailed procedures for responding to an incident are part of the BCP.

In the event of major incident, the first priority is the safety of the people, followed by immediate action to rescue or prevent further damage to the records. Depending on the immediate threat, emergency response and recovery actions will take precedence over all other Company activities.



The Company has made appropriate provision for the backup of its digital collections, including the provision of offsite security copies. The backup copies are actively maintained to ensure their continued viability. The Company's BCP ensures that the digital collections and technical infrastructure required to manage and access them can be restored in the event of an emergency.

**9. DISCLOSURE OF EVENTS / INFORMATION ON SUBSIDIARIES / ASSOCIATE COMPANIES ETC**

The KMPs of the company jointly and severally in consultation with the Board of Directors shall disclose such events / information about its subsidiary/Associate Companies etc., which are considered material in nature and whose disclosure is likely to materially affect the share prices of the Company.

**10. AUTHORISATION TO KMPs TO SUO-MOTO ACCEPT / DENY REPORTED EVENT OR INFORMATION**

The Key Managerial Personnel (KMPs) consisting of the Managing / Whole - Time Director, Chief Financial Officer / Company Secretary are hereby jointly and severally authorised to suo-moto accept / deny any report event or information, which has been unauthorisedly made public by media or by any other means including but not limited to electronic means. They are further authorised to respond to the rumours amongst the general public, which has no basis or documentation, in a way which best protects the interests of the Company. Such action taken by the KMPs shall however, be brought to the attention of the Board of Directors at its immediately subsequent meeting.

**11. COMPLIANCE OFFICER**

The Compliance Officer for the Purpose of complying with the provisions of LODR, 2015 shall be the Company Secretary of the Company.

**12. POLICY REVIEW**

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors.

**13. BOARD'S APPROVAL**

This policy was revised with effect from July 15, 2023 and the Board of Directors is the authority approving the policy.

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