



## STOVE KRAFT LIMITED

# Policy on Determination of Materiality of Events and Information

### Stove Kraft Limited

#81/1 Medamaranahalli Village, Harohalli Hobli, Harohalli Industrial Area,  
Kanakapura Taluk, Ramanagara District, Bengaluru, India- 562 112

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## Policy on Determination of Materiality of Events and Information

### Preamble

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to disclosure of events and information.

### Scope

This Policy for Determination of Materiality of Events and Information is aimed at providing guidelines to the management of Stove Kraft Limited, to determine the materiality of events or information, which could affect investment decisions and ensure timely and adequate dissemination of information to the Stock Exchange(s).

Regulation 30 of the Regulations mandates disclosure of all deemed material events to the Stock Exchanges. These events have been specified in Para A of Part A of Schedule III of the Regulations and shall be disclosed as applicable from time-to-time. These events have been given in Annexure I

For disclosure of certain events (as specified in Para B of Part A of Schedule III) to the Stock Exchanges the following criteria shall be considered by the Board for determining whether the events are material or not:-

Where the omission of an event or information, is likely to result in:

- discontinuity or alteration of event or information already available publicly or
- a significant market reaction if the said omission came to light at a later date.

Where it would be difficult to report the events based on qualitative criteria as stated above, the same may be considered material for disclosure, upon meeting other criteria at the discretion of Key Managerial Personnel, authorised by the Board. This Policy shall also apply to the events to which neither Para A or Para B of Part A of Schedule III applies but have a material effect on Stove Kraft Limited.

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## Purpose

The purpose of the policy is to facilitate the following:

- To define the materiality threshold for disclosure of events and information specified in Para B of part A of Schedule III of the Regulations and help in identification of events and information for disclosure to the stock exchange(s);
- To make required disclosures within the stipulated time of actual occurrence of an event or information, after ascertaining facts;
- To define events that are not specified in Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 but shall have a material effect on the operations of Stove Kraft Ltd;
- To disclose material events or information with respect to the subsidiaries of the Company.

## DEFINITION

- “Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
- “Board of Directors” or “Board” means Board of the Directors of the Company
- “Company” means Stove Kraft Ltd.
- “Key Managerial Personnel” mean key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;
- “Listing agreement” shall mean an agreement that is entered into between a recognised stock exchange and the Company pursuant to Securities and Exchange Board (Listing Obligations and Disclosure Requirements), 2015
- “Material Event” or “Material Information” shall mean such event or information as set out in the Schedule or as may be determined in terms of this Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.

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- “Officer” means any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors are accustomed to act and shall also include promoter of the Company.
- “Policy” means this Policy on Determination of Materiality of events and information and as may be amended from time to time.
- “Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof
- “Schedule” means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

### **AUTHORIZED KEY MANAGERIAL PERSONNEL (KMP) FOR THE PURPOSE OF DETERMINING MATERIALITY OF AN EVENT OR INFORMATION AND FOR THE PURPOSE OF MAKING DISCLOSURES TO STOCK EXCHANGE**

The following Key Managerial Personnel (“KMP”) of the Company will determine materiality of an event or information and make disclosures to Stock Exchange(s). The KMP’s may also seek external legal advice in case of any ambiguity.

- Managing Director
- Chief Financial Officer
- Company Secretary

### **GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION**

Materiality must be defined on a case to case basis depending on specific facts and circumstances relating to the information/ events. The information/ events specified in para A of Part A of Schedule III of the Regulations shall be disclosed to the stock exchange without any application of guideline for materiality.

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The events or information specified in Para B of Part A of Schedule III of the Regulations described in Annexure II, shall be disclosed based on the disclosure process described in the policy.

The Key Managerial Personnel may consider the below guidelines for determining materiality of event/information. All other events / information shall be considered as material if it meets any of the following criteria:

### **Qualitative criteria**

The following qualitative criteria shall be considered for disclosure of an event/information:

- The event or information is in any manner unpublished price sensitive information;
- the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;
- 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; and
- any other event/information which is treated as being material in the opinion of the Board of Directors of the Company.

### **Quantitative Criteria**

The following quantitative criteria shall be considered for disclosure of an event/information even and it shall be calculated based on audited financial statements of the last audited financial year, and would mean event/ information where:

- The consideration involved in the transaction as a percentage of the consolidated turnover, net worth or profit.
- The transaction is not in the ordinary course of business
- The transaction represents a significant shift from the Company's strategy

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## Guidelines for determining when an event/information has occurred

In some cases there may be ambiguity as to when an event/information can be said to have occurred. In certain cases, it would depend upon the stage of discussion, negotiation or approval. The events/ information can be said to have occurred upon receipt of approval of Board of Directors and/or Shareholders or actual signing of the agreement after receiving the above said approvals.

In cases where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc., the answer to the above question would depend upon the timing when the listed entity became aware of the event/ information.

The events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties

## DISCLOSURE PROCESS

- Any event purported to be reportable under Regulation 30 of the Regulations shall be informed to the Key Managerial Person authorised by the Board, as defined above, on an immediate basis with adequate supporting data/information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Regulations but is potentially of price sensitive nature, must also be informed, for further evaluation of KMPs.
- The Key Managerial Person authorised by the Board, shall severally be responsible and authorised for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and this policy.
- After evaluation, the Company Secretary in his absence any one of the KMPs shall make disclosure to the Stock Exchanges.
- The Company shall use the electronic facilities provided by the Stock Exchanges for dissemination of the information and may subsequently disclose the same via other media, including the press release, website, etc.,

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- Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.
- Regular updates, where relevant, shall be made with relevant explanations.
- All disclosures shall be available on the website of the Company for a period of 5 years and thereafter will be archived for a period of 3 years.

### **Dissemination of the Policy:**

The approved Policy shall be uploaded on the Company's website [www.Stovekraft.com](http://www.Stovekraft.com)

### **Annexure I**

Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation (30)

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 listed entity 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,
  - 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-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.

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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 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 fundraising 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).

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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.
6. Fraud/defaults by promoter or key managerial personnel or by listed entity 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 etc.), 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 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. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors.

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**Annexure II**

**Events which shall be disclosed upon application of the criteria for materiality prescribed in clause 5.3.1 of the Policy:**

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.
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 the 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. Capacity addition 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. The Company may make such other disclosures of event/information as specified by the Securities and Exchange Board of India.

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