



## TCNS CLOTHING CO LIMITED

### POLICY FOR DETERMINATION OF MATERIALITY AND DISCLOSURE OF INFORMATION

[Pursuant to Regulation 30(4)(ii) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**Effective Date:** 2<sup>nd</sup> February 2018 and amended on 8<sup>th</sup> February 2019.

#### I. INTRODUCTION

The “Policy for determination of materiality and on Disclosure of Information under Regulation 30 of Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015” (“**Listing Regulations**”) is primarily framed based on Regulation 30 of the Listing Regulations and SEBI circular dated 9 September 2015. The Policy is intended to ensure compliance with the applicable Listing Regulations/Agreement.

#### II. DEFINITIONS

“**Act**” shall mean the (Indian) Companies Act, 2013, including any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent notified, and the (Indian) Companies Act, 1956 any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent applicable and in force.

“**LODR**” or “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended and modified from time to time.

“**Listed Company**” or “**the Company**” means TCNS Clothing Co. Limited.

“**Key Managerial Personnel**” mean the personnel as defined under Section 2(51) of the Companies Act, 2013, as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

#### III. PURPOSE OF THE POLICY

(a) Regulation 30 of the Listing Regulations mandates that every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the TCNS Clothing Co. Limited (“**Company**”), is material. The Listing Regulations divide the events that need to be disclosed broadly in the following two categories:

- (i) events that have to be necessarily disclosed without applying any test of materiality (indicated in Para A of Part A of Schedule III of the Listing Regulations); and
- (ii) Events that should be disclosed by the listed entity based on application of materiality criteria. (Indicated in Para B of Part A of Schedule III of the Listing Regulations).



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- (b) Further the listed entity shall consider the following criteria for determination of materiality of events/information:
- (i) the omission of an event or information, which is 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.
  - (iii) In case where the criteria specified in aforesaid sub-clauses II (b)(i) and II(b)(ii) are not applicable, an event/information may be treated as being material if, in the opinion of the board of directors of the Company, the event/information is considered material.
- (c) SEBI Circular dated 9 September 2015 indicates the following:
- (i) Annexure-I - details that need to be provided while disclosing events provided in Para A and Para B of Schedule III of the Listing Regulations; and
  - (ii) Annexure II - guidance on when an event/information can be said to have occurred.
- (d) As per the Listing Regulations
- (i) the listed entity shall frame a policy for determination of materiality, based on criteria specified (as above), duly approved by its board of directors;
  - (ii) the board of directors shall authorize one or more 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(s) under this Listing Regulations.

Accordingly this policy has been framed for determination of materiality, to identify and authorise KMP for the purpose of determining materiality and the Disclosures to be made in compliance of Regulation 30 of the Listing Regulations and the SEBI Circular dated 9 September 2015.

#### IV. POLICY

- (a) Identification of Authority:
- (i) KMP’s of the Company (as defined in sub-section 51 of section 2 of the Companies Act, 2013), mentioned hereunder, shall be severally entitled and are authorized to:
    - (1) take a view on the materiality of an event or information that qualifies for disclosure under Regulation 30 of the Listing Regulations;
    - (2) decide the appropriate time at which such disclosure is to be filed with Stock Exchanges, and
    - (3) decide the details that may be filed in the best interest of present and potential investors.



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- (ii) All the Functional Heads of the Company are responsible and are obligated to inform promptly the occurrence of material events (as mandated in the attached Annexure A and B) to all KMP's simultaneously.

(b) Identification of Materiality and Events

- (i) Events specified in Annexure A shall be deemed to be material and have to be necessarily disclosed without applying any test of any materiality.
- (ii) Events specified in Annexure B shall be disclosed based on application of materiality criteria.

(c) Criteria to be considered for determination of materiality of events/information:

Materiality must be determined on a case to case basis depending on the material facts and the circumstances pertaining to the information or event and would be determined based on the qualitative judgement to be exercised by the Authorised Person.

The following criteria will be applicable for determination of materiality of event or Information:-

- (i) the omission of an event or information, which is 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;
- (iii) In case where the aforesaid criteria specified in sub-clauses (i) and (ii) above are not applicable, an event/information may be treated as being material if the event results into change exceeding 10% (ten per cent) of total revenue of the previous audited accounting year or exceeding 10% (ten per cent) of the net worth, whichever is lower, basis the consolidated accounts of the Company as on the last date of the previous accounting year

## V. OTHERS

(a) Dissemination of Information

- (i) Any event or information falling under **Annexure A** shall be informed to the Compliance officer promptly upon occurrence, with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the stock exchange. The guidance on when an event/information has occurred as indicated in Annexure-II of SEBI's Circular dated September 9, 2015.
- (ii) Where any event or information is falling under **Annexure B** then the Compliance officer would determine in consultation with the Chief Finance Officer, Managing Director, Audit Committee or the Board of Directors of the Company as the case may whether the said event/ information is required to be disclosed to the Stock Exchange or not, in terms of the criteria laid down in this Policy read with the Listing Regulations



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Thereafter, the Compliance Officer will prepare the content of the disclosure and make the adequate disclosure of the said event/information to the stock exchange as per the timeframe defined in this Policy.

- (iii) The policy shall be disclosed on website of the company.
- (iv) The contact details of authorized KMP's shall be also disclosed to the stock exchange(s) and as well as on the Company's website.
- (v) The company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under Regulation 30 of the Listing Regulations and such disclosures shall be hosted on the website of the company for a minimum period of 5 (five) years and thereafter as per the archival policy of the Company.

### (b) Timeline for disclosure of Information

- (i) Within 30 (thirty) minutes of the conclusion of board meeting:

Disclosure with respect to events specified in Para 4 of the Annexure A shall be made within 30 (thirty) minutes of the conclusion of the board meeting.

- (ii) Within 24 (twenty four) hours from occurrence of event or information:

The Company shall first disclose to stock exchange(s) all events, as specified in Annexure A (except in Para 4) & Annexure B, or information as soon as reasonably possible but no 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.

- (iii) Updates on regular basis:

The Company shall, with respect to disclosures referred to in Regulation 30 of the Listing Regulations, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

## VI. EVENTS/ INFORMATION WITH RESPECT TO SUBSIDIARIES

The Company shall disclose all events or information with respect to subsidiaries which are material for the company.

## VII. QUERIES BY STOCK EXCHANGES

- (a) The Compliance officer shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.
- (b) The Compliance officer may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).



#### **VIII. REVIEW/AMENDMENT**

The Board may, at any time, review and amend any or all clauses of this Policy, if considered necessary.



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**ANNEXURE – A**

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

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: The Company shall intimate to the Stock Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide 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 would be credited/dispatched;
    - (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;



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- (ix) 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 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 KMP or by the Company or arrest of KMP or promoter.
- 7. Change in directors, KMP(s) (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), 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. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.
  - ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reason other than those provided.
  - iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the detailed reasons as specified in sub-clause (i) above.”
- 8. Appointment or discontinuation of share transfer agent.
- 9. Corporate debt restructuring.
- 10. One time settlement with a bank.
- 11. Reference to Board for Industrial and Financial Reconstruction 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 extraordinary general meetings of the Company.
- 14. Amendments to memorandum of association 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.



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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) Salient features, not involving commercial secrets, of the resolution plan approved by the Tribunal, in such form as may be specified
  - m) Any other material information not involving commercial secrets





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### ANNEXURE – B

#### **List of events which shall be disclosed upon application upon application of the guidelines for materiality**

1. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new line(s) of business.
2. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business.
3. 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.
4. Disruption of operations of due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
5. Effect(s) arising out of change in the regulatory framework applicable to the Company.
6. Frauds/ defaults by directors (other than KMP(s)) or Senior Management employees of the Company.
7. Options to purchase securities including any Employees Stock Option Scheme / Employees Share Purchase Scheme.
8. Giving of guarantees or indemnity or becoming a surety for any third party.