

## 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: Version 1**-w.e.f. 2<sup>nd</sup> February, 2018, **Version 2**-w.e.f. 8<sup>th</sup> February, 2019 and **Version 3**-w.e.f. 11<sup>th</sup> August, 2023

### 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/ Entity**” 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.

“**Senior Management**” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

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 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

- (b) 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). 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; or
  - (iii) the omission of an event or information whose value or 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 listed entity;
    - b. two percent of net worth, as per the last audited consolidated financial statements of the listed entity, 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 listed entity.
  - (iv) In case where the criteria specified in aforesaid sub-clauses II (b)(i), II (b)(ii) and II(b)(iii) is 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.
- (e) 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.

- (f) This Policy shall assist the relevant employee(s) of the Company in identifying any potential material event or information and reporting the same to Compliance Officer or other KMPs designated under this Policy for determining the materiality of the said event or information and for making the necessary disclosures to the Stock Exchanges.
- (g) In case of any discordance between the Listing Regulations and this Policy, the Listing Regulations shall prevail.

#### **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 decide the details that may be filed in the best interest of present and potential investors.
- (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 one or 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 stipulated under clause III (b) of this Policy.

#### **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.

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 be 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. 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.

- (ii) The policy shall be disclosed on website of the company.
- (iii) 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.
- (iv) 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.
- (v) **Timeline for disclosure of Information-** The Company shall disclose to the Stock Exchange(s) all events or information which are material in terms of criteria stipulated under Clause III(b) of this Policy as under-
  - a. Within 30 (thirty) minutes of the closure of the board meeting in which the decision pertaining to the event or information has been taken
  - b. Within 12 (twelve) hours from the occurrence of event or information, in case the event or information is emanating from within the Company.
  - c. Within 24 (twenty four) hours from occurrence of event or information, in case the event or information is not emanating from within the Company.

Provided that in case the disclosure is made after timelines provided hereinabove, the Company shall, along with such disclosures provide explanation for delay.

d. 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 such events or information.

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

## **VIII. CONFIDENTIALITY**

In case an event or information is required to be disclosed by the listed entity in terms of the provisions of Listing Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the listed entity shall disclose such

communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

#### **IX. REVIEW/AMENDMENT**

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

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 or restructuring), 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.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- (i) acquiring control, whether directly or indirectly; or
- (ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –
  - (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-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
  - (c) the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or
- (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (3) - For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.

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. New rating(s) or 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:
  - 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 would 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 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.
- 5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity 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 listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:

Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.”

6. Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad.

For the purpose of this sub-paragraph:

(i) ‘Fraud’ shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

(ii) ‘Default’ shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in ‘default’ if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.”

7. Change in directors, KMP(s) (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, Senior Management 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.”
- 7C. In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.
- 7D. In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).”
8. Appointment or discontinuation of share transfer agent.
  9. Corporate debt restructuring.
  10. One time settlement with a bank.
  11. Reference to 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.

Schedule of analyst or institutional investor meet at least two working days in advance (excluding the date of the intimation and the date of the meet and presentations on financial results made by the Company to analysts or institutional investors.

15. 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

Any other material information not involving commercial secrets.

16. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:

- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
- b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

17. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

18. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- (a) search or seizure; or
- (b) re-opening of accounts under section 130 of the Companies Act, 2013; or
- (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013;

along with the following details pertaining to the actions(s) initiated, taken or orders passed:

- i. name of the authority;
- ii. nature and details of the action(s) taken, initiated or order(s) passed;
- iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
- iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
- v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.

19. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- (a) suspension;
- (b) imposition of fine or penalty;
- (c) settlement of proceedings;
- (d) debarment;
- (e) disqualification;
- (f) closure of operations;
- (g) sanctions imposed;
- (h) warning or caution; or
- (i) any other similar action(s) by whatever name called;

along with the following details pertaining to the actions(s) initiated, taken or orders passed:

- i. name of the authority;
  - ii. nature and details of the action(s) taken, initiated or order(s) passed;
  - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
  - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
  - v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.
20. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.”

**ANNEXURE – B**

**List of 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. Any of the following events pertaining to the listed entity:
  - (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 piece meal).”
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) 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 listed entity 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 listed entity
8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.
9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity..
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety by whatever name called for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority