
AVEER FOODS LIMITED

POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS



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POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

Pursuant to the provisions of Regulation 30 of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015

BACKGROUND

As per Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI “Listing Regulations 2015”), a listed entity is required to frame a policy for determination of materiality for disclosure of events or information to Stock Exchanges, based on the criteria specified in Regulation 30 of the said Regulations and as per the details specified in para A & B of Part A of Schedule III of the Listing Regulations, 2015 vide *SEBI’s Master Circular dated 11th July, 2023 and the same is also required to be disclosed on the Company’s website.

POLICY OBJECTIVE

The objectives of this Policy are as follows:

- 1) To ensure that the Company complies with the disclosure obligations to which it is subject as a publicly traded company as laid down by the SEBI Listing Regulations, 2015.
- 2) To ensure that the information disclosed by the Company is timely and transparent.
- 3) To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- 4) To protect the confidentiality of Material / Price sensitive information within the context of the Company’s disclosure obligations.
- 5) To ensure uniformity in the Company’s approach to disclosures, raise awareness and reduce the risk of selective disclosures.



CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION

Materiality shall be determined on a case-to-case basis depending on the specific facts and circumstances relating to the event / information.

A particular event / information will be considered as material in nature, if it substantially alters the existing composition of revenue / profits of the Company or substantially affects the business risks of the Company.

The Company shall consider the criteria as specified in Clause (i) of Sub-regulation (4) of Regulation 30 of the Listing Regulations for determination of materiality of events/ information as under:

- 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
- b) 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]
- c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - 1) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - 2) 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;
 - 3) 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;

in respect to the above, the average of absolute value of profit or loss is required to be considered by disregarding the 'sign' (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for 'materiality' of the event and not for any commercial consideration.



d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the listed entity, the event or information is considered material:

FREAMEWORK FOR DISCLSORE OF EVENTS

The framework laid down herein below lays down the manner for identifying the information requiring disclosure about events/ information which shall be considered material as per the Listing Regulations.

1. Considering the threshold limit of Materiality as follows:
 - 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
 - b) 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; ²⁵⁷[or]
 - c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - i. two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - ii. 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;
 - iii. 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 sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the listed entity, the event or information is considered material:
2. The events / information specified in Para A of Part A of Schedule III of the Listing Regulations deemed to be material events. Upon occurrence such events/information the Company shall make disclosure to the Stock Exchanges without any application of the guidelines for materiality. *(Enclosed herewith as Annexure -I)*



3. The events/ information specified in Para B of Part A of Schedule III to the Listing Regulations shall be disclosed upon occurrence, based on application of the guidelines for materiality as specified in clause 4 of this Policy. (*Enclosed herewith as Annexure-II*)
4. 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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
5. The Company shall make disclosures updating material developments on a regular basis, till such time the event is resolved/ closed, with relevant explanations.
6. The Company shall disclose all events or information with respect to its Subsidiaries which are material for the listed entity.
7. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.
8. The listed entity may on its own initiative also confirm or deny any reported event or information to stock exchange(s).
9. In case an event or information is required to be disclosed by the listed entity, pursuant 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.

PROCEDURE

The whole time director of the Company or failing him the Chief Financial Officer of the Company or failing him the Company Secretary of the Company, will be the authorized Key Managerial Personnel (“KMP”), in consultation with Managing Director and relevant



employees i.e. such employees as may be identified by the Managing Director from time to time, to determine the materiality of an event or information including developments thereof, with respect to the company on the basis of facts and circumstances prevailing at a given point of time and for the purpose of advising on the appropriate time at which the disclosures are to be made to the stock exchange(s), based on an assessment of actual time of occurrence of an event or information.

On receipt of communication of material/ potential material event/ information, the Chief Financial Officer or the Company Secretary will assess the materiality of the event as mentioned in clause 4 & 5 of this policy.

DISCLOSURES ON WEBSITE

The Company shall disclose on its website all such events or information which has been disseminated to the Stock Exchanges under this Policy and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival process followed by the Company.

AMENDMENTS TO THE POLICY

The KMP, authorized under this Policy, will review the Policy from the perspective of the SEBI Listing Regulations amendments thereof and determine the events/information for disclosure as may be amended by the Securities and Exchange Board of India from time to time. All such amendments will be informed to the Board and the approval of the Board will be sought to align the policy in line with the SEBI Listing Regulations. In the event of any conflict between the provisions of this Policy and the LODR Regulations, as amended from time to time, the LODR Regulations shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.



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 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 [twenty] 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 [five] per cent of the total shareholding or voting rights in the said company; or
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 of directors: The listed entity shall disclose to the Exchange(s)⁵⁸¹[the outcome of meetings of the board of directors] held to consider the following:
 - a) dividends 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 ⁵⁸³[including by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through further public offer, rights issue, American Depositary Receipts/ Global Depositary Receipts/ Foreign Currency.
 - e) Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method;]
 - f) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - g) 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;
 - h) short particulars of any other alterations of capital, including calls;
 - i) financial results;
 - j) decision on voluntary delisting by the listed entity 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 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:
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), ⁵⁸⁸[senior management,] Auditor and Compliance Officer.
8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions
10. One time settlement with a bank.



11. 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 analysts or institutional investors meet
16. Steps wise Events related to Corporate Insolvency resolution process.
17. Initiation of Forensic audit: In case of initiation of forensic audit.
18. 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.
19. 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.
20. 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.
21. 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 II- Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30)

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 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) 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 ⁶²²[, by whatever named 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.
14. 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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
