

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

(Last Amended on 11th August 2023)

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

1) PREAMBLE:

The Securities and Exchange Board of India (SEBI) issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Listing Regulations”) with the aim to consolidate and streamline the provisions of existing listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI Regulations /Circulars governing Equity as well as Debt segments of capital market.

Regulation 30 of the Listing Regulations deals with disclosure of material events / information by the Company whose equity and convertible securities are listed and are required to make disclosure of events / information specified under the relevant Schedule of Regulation 30. The Listing Regulations requires the Company to frame a policy for determination of materiality, based on criteria specified in the Listing Regulations, to be approved by Board of Directors of the Company and further to be disclosed on the website of the Company.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued on September 2, 2015, the Board of Directors approved the “Policy for Determination of Materiality of Events or Information”. This Policy has been updated based on the amendments made to Regulation 30 and Schedule III of the LODR Regulations, by way of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 (“LODR Amendments”) and the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, dated July 13, 2023 (“SEBI Disclosure Circular”).

The Board shall review, and if found required, may amend this Policy from time to time.

2) APPLICABILITY & OBJECTIVE:

This Policy shall be applicable to all the events relating to the Company as and when they fall under the criteria as mentioned in Clause 4 of this Policy.

The objective of this Policy is to assist the employees of the Company in identifying potential material events or information in an objective manner that may originate at the ground level which can be promptly escalated and reported to the authorised Key Managerial Personnel or other officers of the Company, as specified in this Policy, for determining the materiality of the said event or information and for making necessary disclosure to the BSE Limited (the “Stock Exchange”).

3) DEFINITIONS:

3.1) “BIFR” means Board for Industrial & Financial Reconstruction.

3.2) “Act” means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time.

3.3) “Board of Directors” means the Board of Directors of the Company.

3.4) “Company” means Addi Industries Limited.

3.5) “Compliance Officer” means the Company Secretary of the Company.

3.6) “Key Managerial Personnel” means key managerial personnel as defined in sub-section (51) of Section 2 of the Companies Act, 2013.

- 3.7) "Promoter" shall have the same meaning as assigned in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- 3.8) "Stock Exchange" means a recognized stock exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.
- 3.9) "Net Worth" shall have the meaning assigned to it in Section 2(57) of the Act;
- 3.10) "Turnover" shall have the meaning assigned to it in Section 2(91) of the Act;

All other words and expressions used but not defined in this Policy, shall have the same meaning as assigned to it under the LODR Regulations, the Act, the SEBI Act, 1992 ("SEBI Act") and the Securities Contracts (Regulation) Act, 1956 ("SCRA").

4. EVENTS WHICH ARE DEEMED TO BE MATERIAL

4) DISCLOSURE OF EVENTS:

The events to be disclosed by the Company are broadly divided into following three categories:

Category – A:

Covers the events that need to be necessarily disclosed without applying any test of materiality. Below are the details which the Company needs to disclose for the events that are deemed to be material:

- 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;
- "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 listed company holds shares or voting rights aggregating to 5% 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 this explanation and such change exceeds 2% 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 of Directors held to consider or decide the following:
- 4.1. 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;
 - 4.2. any cancellation of dividend with reasons thereof;
 - 4.3. the decision on buyback of securities;
 - 4.4. the decision with respect to fund raising proposed to be undertaken;
 - 4.5. increase in capital by issue of bonus shares through capitalization including the date on which such

- bonus shares would be credited/dispatched;
- 4.6. 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;
 - 4.7. short particulars of any other alterations of capital, including calls;
 - 4.8. financial results;
 - 4.9. 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 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;
 - 6) Fraud/ Defaults by promoter or key managerial personnel or by the Company 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 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 Company;
 - 13) Proceedings of annual and extraordinary general meetings of the Company;
 - 14) Amendments to memorandum 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.

Category - B

Covers the events that need to be disclosed by the Company, if considered material. Below are the details which the Company needs to be disclosed for the events on which the Company may apply materiality on the occurrence of such event:

- 1) Commencement or any postponement in the date of commencement of 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 line(s) of business or closure of operations of any unit/division;
- 3) Awarding, bagging / receiving, amendment or termination of awarded / bagged orders/contracts, not in the normal course of business;

- 4) Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof;
- 5) 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.;
- 6) Effect(s) arising out of change in the regulatory framework applicable to the Company;
- 7) Litigation(s) / dispute(s) / regulatory action(s) with impact;
- 8) Frauds/ defaults by Directors (other than Key Managerial Personnel) or employees of the Company;
- 9) Options to purchase securities including ESOP / ESPS Scheme;
- 10) Giving of guarantees or indemnity or becoming a surety for any third party not in the normal course of business;
- 11) Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Category – C

Covers the information / events with major developments. The Company shall also disclose other information/ events with major developments likely to affect business of the Company, which shall, inter alia, include:

- 1) Change in Accounting Policy with significant impact on accounts etc;
- 2) Any information which may be necessary to enable the investors to appraise their positions and to avoid the establishment of false market in such securities;
- 3) Any market sensitive information or event determined as material by the Key Managerial Personnel or the Board of Directors of the Company.

In case where an event occurs or information is available with the Company, which has not been indicated in Clause 4 mentioned hereinabove, but which may have material effect on it, the Company shall make adequate disclosures in regard thereof.

5) CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS:

The Company shall consider the following criteria for determination of materiality of events /information:

Qualitative criteria would mean an event/ information:

- 1) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- 2) 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;

- 3) in case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event / information may be treated as being material if in the opinion of the Board of directors of Company, the event / information is considered material.

Quantitative criteria would be calculated based on audited consolidated financial statements and would mean the omission of an event/ information whose value involved or the expected impact in terms of value, exceeds the lower of the following

- a) 2% (two per cent) of consolidated turnover, as per the last audited consolidated financial statements of the Company; or
- b) 2% (two per cent) of consolidated 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); or
- c) 5% (five percent) of average of absolute value of consolidated profit or loss after tax for last 3 years, as per the last 3 (three) audited consolidated financial statements of the Company.

In terms of the SEBI Disclosure Circular, if 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.

The details to be provided to the Stock Exchanges while disclosing Category B Events shall be in compliance with the requirements of the SEBI Disclosure Circular.

For the avoidance of doubt, it is clarified that if the objective materiality threshold is not met, an event or information may be treated as being material if in the opinion of the Board of the Company, the event or information is considered material.

6) GUIDANCE ON OCCURANCE OF AN EVENT/INFORMATION & ITS TIMELY DISCLOSURE:

The occurrence of material events/information could be either emanating from within or outside the listed entity by the Company's own accord or for reasons not in the hands of the Company. It can be categorized as under:

- a) depends upon the stage of discussion, negotiation or approval; and
- b) in case of natural calamities disrupting operations etc., it would depend upon the timing when the company became aware of the event/information.

In respect of the events under 6(a), the events/information can be said to have occurred upon receipt of approval of the Board of Directors, e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval. Approvals other than final approvals, such as in-principle approvals, exploratory approvals etc. will not require disclosure under this Code.

In respect of the events under 6(b), 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 entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties. The term 'officer' shall have the same meaning as defined under the Act and shall also include Promoter of the Company.

7) AUTHORIZATION FOR THE PURPOSE OF DETERMINING MATERIALITY OF AN EVENT OR INFORMATION AND FOR THE PURPOSE OF MAKING DISCLOSURES TO STOCK EXCHANGE:

The Managing Director, Chief Financial Officer (CFO) and the Company Secretary being the Key Managerial Personnel

(KMP) of the Company are severally / jointly authorized for the purpose of determining materiality of an event / information and for the purpose of making disclosures to stock exchange(s) under this Policy, the contact details of whom are given at the end of this Policy and shall also be available on the website of the Company, www.addiindustries.com

8) DISCLOSURES AND TIMELINESS:

- 1) All events/information identified as material in line with the regulation and under clause 4 this Policy shall be disclosed as soon as reasonably possible and in any case not later than the following:
 - (i) For all material events/ information for which decision is taken in a Board meeting within 30 (thirty) minutes from the closure of the board meeting;
 - (ii) For all material events/ information emanating from within the Company within 12 (twelve) hours from the occurrence of the event or information;
 - (iii) For all material events/ information relating to the Company but emanating from outside the Company within 24 (twenty four) hours from the occurrence of the event or information.
- 2) In case the disclosure is made after the stipulated timeline, the Company shall provide an explanation for the delay along with the disclosure.
- 3) The Company shall, with respect to disclosures referred to in this Policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- 4) The Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) 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, as disclosed on its website.

9) AMENDMENT TO THE POLICY:

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force, and this Policy does not, and shall not, in any manner dilute any of the requirements set out under Regulation 30 read with Schedule III of the Listing Regulations.

10) DISCLOSURE OF THE POLICY:

This Policy shall be disclosed on the Company's website, www.addiindustries.com

ADDI INDUSTRIES LIMITED

The contact details of the Key Managerial Personnel(s) for determining materiality of an event or information or making disclosure are given as hereunder:

| Sr. No | Name & Designation | Contact Particulars |
|---------------|---|---|
| 1 | Mr. Sandeep Mittal (Whole Time Director) | Apra Plaza , Plot no. 29, First Floor ,Unit no-106A , Road No-44 , Community Centre Rani Bagh, Pitampura, North West Delhi, 110034 Email Id: sandeep.rsd@gmail.com Telephone: 9811141755 |
| 2 | Mr. Amandeep (Company Secretary) | Apra Plaza , Plot no. 29, First Floor ,Unit no-106A , Road No-44 , Community Centre Rani Bagh, Pitampura, North West Delhi, 110034 Email Id: addiindustries.com9899@gmail.com |