

## POLICY ON DETERMINATION OF MATERIALITY OF EVENTS

### **1. Background**

Aruna Hotels Limited is committed to being open and transparent to all stakeholders and in disseminating information in a fair and timely manner. The Company's securities are listed on the Bombay Stock Exchange (BSE). Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, mandates the Company to formulate a Policy for determining materiality of events or information that warrant disclosure to investors. Therefore, in this context the Policy on determination of materiality of events is being framed and implemented.

### **2. Definitions**

In this Policy, unless the context otherwise requires:

- (a) "Company" shall mean Aruna Hotels Limited.
- (b) "Regulations" shall mean Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- (c) "Schedule" shall mean 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.
- (d) "Policy" shall mean this Policy, the criteria for determining materiality of events or information and as amended from time to time.
- (e) "Board of Directors" shall mean the Board of Directors of Aruna Hotels Limited.
- (f) "Chief Financial Officer" shall mean the person heading and discharging the finance function of the listed entity as disclosed by it to recognized stock exchange(s) in its filing under the Listing regulations;
- (g) "Key Managerial Personnel" or "KMP" shall mean CEO and Managing Director(s), Executive Director(s), Chief Financial Officer and Company Secretary of Aruna Hotels Limited

- (h) “Promoter” and “Promoter Group” shall have the same meaning as assigned to them respectively in clause (za) and (zb) of sub – regulation (1) of regulation 2 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
- (i) “Subsidiary” shall mean a subsidiary as defined under sub–section (87) of Section 2 of Companies Act, 2013;

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, Securities Contracts (Regulations) Act, 1956, Depositories Act, 1996, and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modifications or re–enactments thereto as the case maybe.

### **3. Objective of the Policy**

Objectives of the Policy are as follows:

- 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 Listing Regulations, various Securities laws and any other legislations (in India or overseas).
- To ensure that the information disclosed by the Company is timely and transparent.
- To ensure that corporate documents and public statements are accurate and do not contain any misrepresentations.
- To protect the confidentiality of material or price sensitive information in the context of the Company’s disclosure obligations.
- To provide framework that supports and fosters confidence in the quality and integrity of information released by the Company.
- To ensure uniformity in the Company’s approach to disclosures, raise awareness and reduce the risk of selective disclosures.

### **4. Authority to determine materiality of events**

The Board of Directors of the Company have authorized the KMPs as defined under clause 2(g) of the Policy to determine the materiality of the event/information and to make appropriate disclosure on a timely basis. The KMPs are also empowered to seek appropriate

counsel or guidance, as and when necessary, from internal or external stakeholders as they may deem fit.

On receipt of a communication of a potential material event/information, the KMPs shall:

- i. Review the event/information and take necessary steps to verify its accuracy;
- ii. Assess if the event/information are required to be disclosed to the Stock Exchanges under the Regulations under this Policy, in consultation with the Chairperson or the Managing Director of the Company, shall make necessary disclosures and take necessary actions as per Clause 9 of this Policy.

If the KMPs is not certain about the materiality of any event / information, they may refer matter for external legal advice.

## **5. Type of information**

The information covered by this Policy shall include “information related to the Company’s business, operations, or performance which has a significant effect on securities investment decisions” (herein referred to as “material information”) that the Company is required to disclose in a timely and appropriate manner by applying the guidelines for assessing materiality.

## **6. Guidance for Assessing Materiality**

Materiality will be determined on a case to case basis depending on the facts and the circumstances pertaining to the event or information.

The following qualitative criteria will be applicable for determining materiality of event or information:

- a) The omission of an event or information which is likely to :
  - Result in discontinuity or alteration of an event or information already available publicly, or
  - Result in significant market reaction, if the said omission came to light at a later date;

b) The Managing Director (MD) is authorized to determine the materiality of an event or information. The Chief Financial Officer of the Company shall advise the MD on the materiality of the event or information based on the guidelines set in the guidance manual approved by the Board. The quantitative factors which may be considered while determining the materiality of an event or information would be those impacting or likely to impact at least 10% of the turnover or the net worth or the profitability (profits before tax) of the Company as may be appropriate for the event/information. The factors to be considered shall be determined based on the last audited consolidated financial statements of the Company. The guidance manual approved by the Board of Directors in this regard is to be used while selecting the appropriate factor before making public dissemination.

## **7. Guidance on Timing of an event or information**

The Company may be confronted with the question as to when an event/information can be said to have occurred.

In Certain cases the answer to above question would depend upon the stage of discussion, negotiation or approval and in other 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 Company became aware of the event/information.

In the former the events/information can be said to have occurred upon receipt of approval of Directors.

However, considering the price sensitivity involved, for certain events, e.g. decision on declaration of events, etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending members' approval.

In the latter, the events/information can be said 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 performance of his duties.

Here, the term ‘Officer’ shall have the same meaning as defined under the Companies Act, 2013, and shall also include promoter of the listed entity

## **8. Disclosure of events / information.**

Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 provides that listed companies need to make disclosures of such events/information which are considered “material” by the Board of Directors of the Company.

The events specified in Para A of Part A of Schedule III of the Regulations [15 categories] are deemed to be material events and such events shall be disclosed without any application of the guidelines of materiality as specified in Regulation 30 (4) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The responsibility is with regard to adequacy and timely disclosures. Those events are:

### **I. Material Events (As per Para A of Part A of Schedule III)**

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-paragraph, 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 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.
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 a dividend with reasons therefor;
  - c. decision on buyback of securities;
  - d. decision with respect to fund raising proposed to be undertaken;
  - e. increase in capital by issue of bonus shares through capitalization of reserves 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
  - g. shares or securities or any other rights, privileges or benefits which may be to subscribed to;
  - h. short particulars of any other alterations of capital, including calls;
  - i. financial results;
  - j. 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 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(s).
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.

## **II. Events (As per Para B of Part A of Schedule III)**

The events specified in Para B of Part A of Schedule III of the Regulations shall be disclosed upon application of guidelines for materiality as specified in Regulation 30 (4) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Such events are mentioned below:

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 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. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud / defaults, etc., by Directors (other than key managerial personnel) or employees of listed entity.
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.

### **III. Events (As per Para C of Part A of Schedule III)**

Any other information / event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change in the 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.

### **IV. Events (As per Para D of Part A of Schedule III)**

Any other event / information as specified by the Board from time to time.

## **9. Obligation of Internal Stakeholders and KMPs for Disclosure**

- a) Any events / information, including the information mentioned herein shall be forthwith informed to the KMP(s) upon occurrence, with adequate supporting data / information, to facilitate a prompt and appropriate disclosure to stock exchanges.
- b) The KMP(s) will then ascertain the materiality of such event(s) or information based on the above guidelines.
- c) On completion of the assessment, the KMP(s) shall, if required, make appropriate disclosure(s) to the stock exchanges.
- d) The Company shall disclose to stock exchange all events, as specified in Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or information as soon as reasonably possible and not later than 24 hours from the occurrence of event or information.

## **10. Policy review**

The Board of Directors may review the Policy from time to time. The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with 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.

#### **11. Effective Date**

The Policy, as approved by the Board of Directors, shall be effective from 1<sup>st</sup> December 2015

#### **12. Communication and dissemination of the policy**

For all new Employees and Directors, a copy of this Policy shall be handed over as a part of the joining documentation, along with other HR related policies. For all existing Employees and Directors, a copy of this Policy shall be posted on the intranet of the Company.

#### **13. Website**

As per the provisions of the Listing Regulations, the Policy shall be disclosed on the website of the Company.

#### **14. Contact Details**

The contact details of the KMPs will be disclosed to the stock exchanges as well as uploaded in the website of the Company.