



METRO BRANDS LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT /  
INFORMATION

(As adopted by the Board of Directors on 5th December, 2018)

## **Preamble**

In terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 all listed companies are required to frame a Policy for Determination of Materiality of an Event/Information, for disclosure thereof under the said Regulation.

## **Objective**

The Board of Directors of Metro Brands Limited ('the Company') at its Meeting held on 6th December, 2018 has adopted this Policy for Determination of Materiality of an Event/Information with the intention to define the Company's responsibilities towards determination of materiality of any event or information which shall have an effect on the market price of the of the equity shares of the Company listed on Stock Exchanges and to ensure timely and adequate disclosure of material events and price sensitive information to the Stock Exchanges and on the website of the Company.

## **Applicability**

"Board of Directors" or "Board" means the collective body of the Directors of the Company;

"Committee" means a Committee of the Board;

"Material event/information" means any decision made by the majority shareholders, decisions made at a Members' general meetings or by the Board or a committee or senior management, or any other acts related to company's business and operations that could significantly influence:

- the market price of securities issued by the Company; and/or
- an investor's decision to buy, sell or maintain such securities.

"Meeting" means a meeting, duly convened and constituted, of the Board or any committee thereof or of the Members of the Company.

"Senior Management" means personnel of the Company who are members of its core management team excluding the Board of Directors and including the Functional Heads.

## Authority

The Managing Director & Chief Executive Officer and Company Secretary & Chief Financial Officer of the Company shall together or severally, in consultation with the Senior Management, determine the materiality of an event or information and shall make necessary disclosures to the Stock Exchanges.

## Contact details:

Ms. Farah Malik Bhanji Managing Director Metro Brands Limited 401, Zillion, 4th Floor, LBS Marg and CST Road Junction, Kurla (West), Mumbai – 400 070	Mr. Nissan Joseph Chief Executive Officer Metro Brands Limited 401, Zillion, 4th Floor, LBS Marg and CST Road Junction, Kurla (West), Mumbai – 400 070
Mr. Kaushal Parekh Managing Chief Financial Officer Metro Brands Limited 401, Zillion, 4th Floor, LBS Marg and CST Road Junction, Kurla (West), Mumbai – 400 070	Ms. Tarannum Bhanpurwala Company Secretary Metro Brands Limited 401, Zillion, 4th Floor, LBS Marg and CST Road Junction, Kurla (West), Mumbai – 400 070

Further the Company Secretary and CFO shall have the authority to amend the contents of the policy, whenever necessary, to bring them in line with any change(s) or amendment(s) in the provisions of the regulatory framework.

## Deemed material events or information

Events or information specified in Annexure-1 will be deemed to be material events/information and will be disclosed irrespective of application of the materiality criteria.

## Determination of materiality of event/information

1. Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the event/information. In order to ascertain whether a particular event/information is material in nature, materiality criteria as under will be applied:

a) the omission of an event or information which is likely to:

- result in a discontinuity or alteration of an event already available publicly; or
  - result in significant market reaction if the said omission came to light at a later date;
- b) Any event or information having a significant risk to the reputation of the Company;
- c) In the opinion of the Board of Directors of listed entity, the event/information is considered material.
2. The events or information which shall be disclosed based on application of materiality criteria are given in **Annexure-2**.
  3. In determining materiality, a number of factors such as the nature of the information, prevailing market conditions, general business practices, industry scenario, business outlook etc. shall be taken into consideration.
  4. The Company will disclose Material Information concerning the business and affairs of the Company to the public immediately, except where permitted by law and when otherwise required for the purpose of maintaining the confidentiality of the information.
  5. The extent of the disclosures will depend upon the stage of discussions, studies or negotiations.

**Any other information / event which is to be disclosed by the Company:**

The Company shall disclose major developments that are 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 Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

**Guidelines on occurrence of an event / information:**

The occurrence of material event/information would be either by the Company's own accord or 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, disruptions etc., it would depend upon the timing when the company became aware of the event/information.

In respect of the events under 7(a), the events/information can be said to have occurred upon receipt of approval of 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.

In respect of the events under 7(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.

## **Disclosure**

The Company shall ensure timely disclosure of a material event or information to the Stock Exchanges. The Company shall disclose all such events or information as specified in Part A of Schedule III of the Listing Regulations not later than 24 hours from the occurrence of such event or information. In case the disclosure is made after 24 hours of the occurrence of such event or information, the Company shall along with such disclosures provide explanation for such delay.

Events or information specified in Sub-Para 4 of Para A of Part A of Schedule III of the Listing Regulations i.e., point 4 of the **Annexure-1**, shall be disclosed within 30 minutes from the conclusion of the Board Meeting.

The Company shall disclose on its website all such events or information which have been disclosed to the Stock Exchanges as stated above and such disclosures shall be hosted on the website of the Company for a period of 5 (five) years and thereafter as per the Policy for Preservation of Documents & Archival Process of the Company.

## **Monitoring and evaluation of the Policy**

This Policy will be reviewed by the Board from time to time and if required, modify the same in order to comply with the statutory requirements and also to incorporate the best industry practices.

## ***Annexure-1***

### **Events which shall be disclosed without any application of the guidelines for materiality as specified in Sub-Regulation (4) of Regulation (30) of the Listing Regulations and Materiality Criteria as stated in this Policy**

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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 of Directors: The Company 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 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 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 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 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 a 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;



*Annexure - 2*

**The events/information and corresponding materiality criteria pursuant to Para B of Part A of Schedule III of the Listing Regulations and this Policy**

<b>Sl.</b>	<b>Event/Information</b>	<b>Threshold</b>
1.	Commencement or any postponement in the date of commencement of business operations of any showroom / warehouse .	Impact exceeding 5% of Turnover of the Company for one full year of operation .
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 / showroom / warehouse (entirety or piecemeal) of the Company.	Impact exceeding 5% of Turnover of the Company.
3.	Capacity addition.	Capacity addition in excess of 25% of existing capacity in respect of packing and labeling of footwear and accessories .
4.	Product launch.	Impact exceeding 5% of the Turnover of the Company .
5.	Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	Consideration exceeding Rs. 100 million in any financial year.
6.	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.	Borrowings for a minimum period of 5 years for an amount exceeding Rs. 300 million.

7.	Disruption of operations of any one or more units / showroom / warehouse / division of the Company due to natural calamity (earthquake, flood, fire, etc.), force majeure or events such as strikes, lockouts etc.	Estimated Loss of Rs. 50 million or more.
8.	Effect(s) arising out of change in the regulatory framework applicable to the Company .	Impact of 5% or more to the Turnover as per the last Audited Balance Sheet of the Company .
9.	Litigation(s)/dispute(s)/regulatory action(s) with impact.	Outcome of single litigation/dispute determined by Court of Law (not below High Court) and regulatory action having an impact of not less than 1% of the Turnover.
10.	Fraud/defaults etc. by directors (other than Key Managerial Personnel) or employees of the Company .	Amount exceeding Rs. 2 million in case of employees; and any amount in case of Directors
11.	Options to purchase securities including any ESOP/ESPS Scheme.	Impact exceeding 5% of Turnover of the Company.
12.	Giving of guarantees or indemnity or becoming a surety for any third party.	Impact of 5% of Turnover for each single guarantee / indemnity.
13.	Granting, withdrawal , surrender , cancellation or suspension of key licenses or regulatory approvals .	Impact of 5% of Turnover of the Company.

Notwithstanding anything stated above, the Authorized Persons may apply a qualitative criterion for deeming an event / information to be material or not in cases where aforementioned quantitative criteria cannot be ascertained / applied reasonably.