

MATERIALITY POLICY

1. Background

AVG Logistics Limited (the "*Company*") is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner. The Company's securities are proposed to be listed on NSE Emerge and must comply with the continuous disclosure obligations imposed by the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ("*SEBI (LODR) Regulations*") that come into effect from December 1, 2015. The SEBI (LODR) Regulations mandate listed entities to formulate a policy for determining materiality of events or information that warrant disclosure to investors. It is in this context that the Policy on Determination of Materiality for Disclosures (the "*Materiality Policy*") is being framed and implemented.

2. Definitions

In this Policy, unless the context otherwise requires:

- "*Board of Directors*" shall mean the Board of Directors of the Company.
- "*Chief Financial Officer*" shall mean the person heading and discharging the finance function of the listed entity as disclosed by it to the recognised stock exchange(s) in its filing under the Listing regulations;
- "*Key Managerial Personnel*" or "*KMP*" means CEO and Managing Director, Executive Director, Chief Financial Officer, and Company Secretary of the Company.
- "*Promoter*" and "*Promoter Group*" shall have the same meaning as assigned to them respectively in clauses (za) and (zb) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- "*Subsidiary*" means a subsidiary as defined under sub-section(87) of section 2 of the 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, the Securities

Contracts (Regulation) Act, 1956, the 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 modification or re-enactment thereto, as the case may be.

3. Objective of the Policy

The objectives of this Policy are as follows:

- a. 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 (LODR) Regulations, various Securities Laws and any other legislations (In India or Overseas).
- b. To ensure that the information disclosed by the Company is timely and transparent.





- c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- d. To protect the confidentiality of Material / Price sensitive information within the context of the Company's disclosure obligations.
- e. To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company.
- f. To ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

4. 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" (hereinafter 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. Events or information that is to be disclosed based on materiality principle are specified in **Annexure 1** to this Materiality Policy.

Events or information that is to be disclosed without any application of the guidelines for materiality are specified in **Annexure 2** to this Materiality Policy.

5. Persons Responsible for Disclosure

The Board of Directors of the Company have authorised the Key Managerial Personnel as defined under clause 2(c) of the Policy to determine the materiality of an event or 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 other internal or external stakeholders as they may deem fit.

The KMPs shall have the following powers and responsibilities for determining the material events or information:

- a. To review and assess an event or information that may qualify as 'material' and may require disclosure, on the basis of facts and circumstances prevailing at a given point in time.
- b. To determine the appropriate time at which the disclosures are to be made to the stock exchanges based on an assessment of actual time of occurrence of an event or information.
- c. To disclose developments that are material in nature on a regular basis, till such time the event or information is resolved/closed, with relevant explanations.
- d. To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.
- e. To disclose all events or information with respect to the subsidiaries which are material for the Company.

6. Guidelines 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 a 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) In the opinion of the Board of Directors of the Company, the event / information ought to be disclosed.

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

- where the value involved or the impact exceeds 10% in terms of the gross turnover or revenue or total income; or exceeds 10% of the net worth (*lower threshold shall be taken as a trigger*);
- The above thresholds shall be determined on the basis of audited consolidated financial statements of the Company's last audited financial year.

The quantitative criteria shall be read in conjunction with the qualitative criteria for determining materiality and arriving at the overall decision on the event to be reported.

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 instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances 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 Board of Directors.

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 the latter, 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 Company has, or ought to have reasonably come into possession of the information in the course of the 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. Obligations of Internal Stakeholders and KMPs for Disclosure

- a. Any event or information, including the information forming part of **Annexure 1** and **Annexure 2** to the Materiality Policy shall be forthwith informed to the KMP(s) upon occurrence, with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the 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.

9. Policy Review

The KMP(s) may review the Policy from time to time. Material changes to the Materiality Policy will need the approval of the Board of Directors.

10. Effective Date

The Materiality Policy, as approved by the Board of Directors, shall be effective from [●].

11. Website

As per the provisions of the SEBI (LODR) Regulations, the Materiality Policy shall be disclosed on the website of the Company.

12. Contact Details

Any questions or clarifications about the Materiality Policy or disclosures made by the Company should be referred to the Company Secretary, who is in charge of administering, enforcing and updating this Materiality Policy.

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Annexure 1

Events or Information that are to be disclosed based on Materiality Guidelines listed in the Materiality Policy

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 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 launch of new services.
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 Company due to natural calamity (*earthquake, flood, fire etc.*), force majeure or events such as strikes, lock outs etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company.
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (*other than key managerial personnel*) or employees of the Company.
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.
13. Any other information/event *viz.* major development that is likely to affect business, e.g. [change in government regulations impacting the Company, closure of warehouses significantly impacting the financials of the Company, 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.





Annexure 2

Events or Information that are to be disclosed without application of Materiality Guidelines listed in the Policy

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-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 thirty (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 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 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. Insolvency Petition being filed against the Company before the NCLT.
 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 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





Contact details for determining Materiality of events

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