

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS /INFORMATION

1. Scope and Purpose

The Securities Exchange Board of India (SEBI), on 2nd September, 2015, had notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) whereby it has incorporated the provisions of the Listing Agreement relating to Equity & Debt Securities and provided for enhanced disclosure norms. The Listing Regulations have come into effect from 1st December 2015.

In terms of Regulation 30 of the Listing Regulations, listed entities are required to disclose details of events / information which in the opinion of the Board, are material. Whilst events listed in Para A of Part A of Schedule III to the Listing Regulations are required to be disclosed to the Stock Exchanges as soon as possible but not later than 24 hours of its occurrence, the events listed in sub-Para 4 of Para A of Part A of schedule III to the Listing Regulations are required to be disclosed to the Stock Exchanges within 30 minutes of the conclusion of the Board Meeting, the events as listed in Para B of Part A of Schedule III to the Listing Regulations, are to be disclosed to the Stock Exchanges after applying the criteria for determining materiality, as set out in Regulation 30(4) of the Listing Regulations.

In terms of Regulation 51 of the Listing Regulations, listed entities are required to disclose details of events/information listed under Part B of Schedule III to the Stock Exchanges promptly, as soon as practically possible and without any delay.

In terms of Regulation 30 (4) (ii) of the Listing Regulations, the Board of Directors of the Company, is required to formulate and adopt a Policy for Determination of Materiality of Events/Information, and upload the same on the website of the Company. Further, SEBI had vide Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015, prescribed the details that need to be provided by Listed Companies while disclosing such material events/information.

2. Applicability

Accordingly, this Policy for Determination of Materiality of Events, which has been reviewed and approved by the Board of Directors of the Company at its meeting held on 10th February 2016, in terms of the Listing Regulations, shall be deemed to have come into effect from 1st December 2015 and shall be applicable and binding on the Company.

3. Key principles in determining materiality

The Listing Regulations have not only provided for the manner in which details of events/information relating to the affairs of a listed entity is required to be disclosed to the Stock Exchanges, but also the nature thereof and the time within which it must be disclosed, detailed as under.

- i. Events or information which, in the opinion of the Board of Directors of the Company, are fit to be considered as material and therefore shall be mandatorily disclosed by the Company to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event.
- ii. Events listed in Para A of Part A of Schedule III of the Listing Regulations, as set out in **Annexure 'A'** to this Policy, shall be mandatorily disclosed by the Company to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event, i.e. without applying any test of materiality.

- iii. Events listed in Sub-Para 4 of Para A of Part A of Schedule III of the Listing Regulations, as set out in **Annexure 'B'** to this Policy are deemed to be material events and as such shall be mandatorily disclosed by the Company to the Stock Exchanges within 30 minutes of the conclusion of the Board Meeting.
- iv. Events listed in Para B of Part A of Schedule III of the Listing Regulations, as set out in **Annexure 'C'** to this Policy shall be disclosed by the Company to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event, subject to application of the following criteria to determine, whether such event is material or not.
 - a) Where the omission of an event or information, is likely to result in discontinuity or alteration of the event or information already available publicly; or
 - b) Where 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) Where the criteria specified in sub-clauses (i) and (ii) above are not applicable, an event / information may be treated as being material, if in the opinion of Board of Directors of the Company, the event / information is deemed fit to be considered as material, for onward disclosure to the Stock Exchanges. The Board of Directors do hereby authorize the Managing Director & CEO of the Company to make such determination.
- v. Where an event occurs or is available with the Company, which does not form part of Annexure 'A' or Annexure 'B' or Annexure 'C' as above, but is likely to have a material impact on the Company, the Company shall endeavor to make adequate disclosures in this regard.
- vi. Information/event relating to any major development which is likely to affect the business of the Company and any other information which is exclusively known to the Company, which may be required to be disclosed to enable the security holders of the Company, to appraise its position and to avoid establishment of false market in such securities shall be mandatorily disclosed by the Company to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event.
- vii. Events/Information having bearing on the performance/operations of the Company, price sensitive information, or any action that could affect payment of interest or dividend of Non-Convertible Debentures or any other convertible instruments issued by the Company, from time to time shall be mandatorily disclosed by the Company to the Stock Exchanges promptly, as soon as practically possible and without any delay.

Information pursuant to issuance of Non-Convertible Debentures issued by the Company, from time to time, as set out in Para B of Schedule III, as set out in **Annexure 'D'** to this Policy. It is clarified that the Company has not issued, does not currently propose to issue any non convertible redeemable preference shares. In the event that the Company at any time in the future issues non convertible redeemable preference shares, the Company shall make such disclosures as set out in Part B of Schedule III under the Listing Regulations.
- viii) Such other information as may be specified by SEBI, from time to time.

In case there is a delay in disclosing the event/information to the Stock Exchanges, in terms of this Policy, the Company shall provide appropriate explanation for such delay.

4. Authority to determine materiality of any event/ information

Apart from The Managing Director of the Company following personals has also been authorised by the Board to determine whether or not an event/ information is material for the purpose of disclosing it to the Stock Exchange(s), in terms of this Policy. The name of such personals are as follows :

1. Mr. Basant Kumar Sharma, Managing Director;
2. Ms. Priya Sharma, Chief Financial Officer cum Whole Time Director;
- and
3. Ms. Raksha Kumari, Company Secretary;

Further, for administrative convenience, the Managing Director, Chief Financial Officer and/or the Company Secretary of the Company, has been authorized by the Board to disclose such events/ information, which are material to Stock Exchanges and that their contact details be disclosed to the Stock Exchanges and uploaded on the website of the Company, in terms of this Policy, including but not limited to responding to any queries that may be raised by the Stock Exchanges in respect thereto.

Further, Mr. Basant Kumar Sharma, Managing Director & Chairman of the Company, has been authorized by the Board to interact or communicate with the Press or Analysts or Institutional Investors, after the material events / information is intimated to the Stock Exchanges and hosted on the website of the Company, in terms of this Policy.

Mr. Basant Kumar Sharma, Managing Director & Chairman of the Company and The 'Company Secretary' of the Company is also authorized to respond to any queries that may be received from the press, electronic/ social media or investors of the Company, for verification of any market rumours relating to the Company and/ or any of its subsidiaries, in terms of the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

5. Other provisions relating to disclosures

- i. The Company shall in respect of disclosures made under the Listing Regulations make disclosures updating material development on a regular basis to the Stock Exchanges, till such time the event is resolved / closed, with relevant explanations.
- ii. The Company shall disclose on its website all such events/ information and host the same for a minimum period of 5 years, after which, the said information will be archived as per the Archival Policy of the Company.
- iii. In case of any amendments to the disclosures already made by the Company or those uploaded on the website, the Company shall disclose/ upload the amended content in terms of this Policy.
- iv. The Company shall provide specific and adequate reply to all queries raised by Stock Exchanges with respect to any events or information provided that the Stock Exchanges shall disseminate information and clarification as soon as reasonably practicable.
- v. The Company may on its own initiative also, confirm or deny any reported event or information to Stock Exchanges.

6. Review of the Policy

The Board shall review and amend this Policy, pursuant to any amendment to the Listing Regulations or as and when deemed appropriate.

Annexure - A

The following shall be events/information shall be mandatorily disclosed by the Company to stock exchange(s) as soon as possible within a reasonable time of their occurrence, but not later than twenty Four hours from the occurrence of such event i.e. without applying any test of materiality.

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 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-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. 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.
 5. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key Managerial Personnel or promoter.
 6. Change in directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
 7. Appointment or discontinuation of share transfer agent.
 8. Corporate debt restructuring.
 9. One time settlement with a bank.
 10. Reference to BIFR and winding-up petition filed by any party / creditors.
 11. 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.
 12. Proceedings of Annual and extraordinary general meetings of the listed entity.
 13. Amendments to memorandum and articles of association of listed entity, in brief.
 14. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

Annexure B

The following shall be events/information is deemed to be material events and such events shall be mandatorily disclosed by the Company to stock exchange(s) within 30 minutes of the conclusion of the meeting of the Board of Directors:

- 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 listed entity from stock exchange(s).

Annexure C

The following shall be events/information shall be disclosed by the Company to stock exchange(s) as soon as possible within a reasonable time of their occurrence, but not later than twenty Four hours from the occurrence of such event, subject to applicable criteria as prescribed in point 3(iii) of this policy to determine, whether such event is material or not.

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.

Annexure D

The following shall be events/information having bearing on the performance or operation of the company, Price Sensitive Information, or any action that could be affect payment of interest or dividend of Non-convertible Debentures, if any, or any other convertible instruments issued by the Company, from time to time shall be mandatorily disclosed by the Company to stock exchange(s) promptly as soon as practically possible and without any delay:

- (1) Expected default in timely payment of interests/preference dividend or redemption or repayment amount or both in respect of the non-convertible debt securities and non-convertible redeemable preference shares and also default in creation of security for debentures as soon as the same becomes apparent;
- (2) any attachment or prohibitory orders restraining the listed entity from transferring non-convertible debt securities or non-convertible redeemable preference shares from the account of the registered holders along-with the particulars of the numbers of securities so affected , the names of the registered holders and their demat account details;
- (3) any action which shall result in the redemption, conversion, cancellation, retirement in whole or in part of any non-convertible debt securities or reduction, redemption, cancellation, retirement in whole or in part of any non-convertible redeemable preference shares;
- (4) any action that shall affect adversely payment of interest on non-convertible debt securities or payment of dividend on non-convertible redeemable preference shares including default by issuer to pay interest on non-convertible debt securities or redemption amount and failure to create a charge on the assets;
- (5) any change in the form or nature of any of its non-convertible debt securities or non-convertible redeemable preference shares that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;
- (6) Any changes in the general character or nature of business/activities, disruption of operation due to natural calamity, and commencement of commercial production/commercial operations;
- (7) Any events such as strikes and lock outs. Which have a bearing on the interest payment/ dividend payment / principal repayment capacity?
- (8) details of any letter or comments made by debenture trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, listed entity and /or the assets along with its comments thereon, if any;
- (9) Delay/ default in payment of interest or dividend / principal amount /redemption for a period of more than three months from the due date;
- (10) Failure to create charge on the assets within the stipulated time period;
- (11) any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for re-scheduling or postponement of the repayment programs of the dues/debts of the listed entity with any investor(s)/ lender(s).

Explanation - For the purpose of this sub-para, 'default' shall mean Non-payment of interest or principal amount in full on the pre-agreed date and shall be recognized at the first instance of delay in servicing of any interest or principal on debt.

- (12) Any major change in composition of its board of directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (13) Any revision in the rating;
- (14) The following approvals by board of directors in their meeting:-
 - (a) The decision to pass any interest payment;
 - (b) Short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debenture holders, or in any other way;
- (15) all the information, report, notices, call letters, circulars, proceedings, etc concerning non-convertible redeemable preference shares or non convertible debt securities;
- (16) any other change that shall affect the rights and obligations of the holders of non-convertible debt securities/non-convertible redeemable preference shares, any other information not in the public domain necessary to enable the holders of the listed securities to clarify its position and to avoid the creation of a false market in such listed securities or any other information having bearing on the operation/performance of the listed entity as well as price sensitive information