



**POLICY FOR DETERMINING MATERIALITY WITH REGARD TO  
DISCLOSURE OF EVENTS OR INFORMATION**

**1. INTRODUCTION**

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The Securities and Exchange Board of India (“SEBI”) has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”) which shall be applicable to all listed entity with effect from 1<sup>st</sup> December, 2015. The Listing Regulations, 2015 shall replace the existing Listing Agreements entered into by the Company with the Stock Exchanges.

The Listing Regulations, 2015 inter alia contain provisions for disclosure of events or information. The events specified in Para A of Part A of Schedule III **are deemed to be material events** and listed entity shall make disclosure of such events.

Whereas, events specified in Para B of Part A of Schedule III, shall be disclosed based on application of the guidelines for materiality specified in Regulation 30 (4).

**Regulation 30(4) of the Listing Regulations, 2015 is re-produced as under: Disclosure of events or information**

4 (i) The listed entity shall consider the following criteria for determination of materiality of events/ information:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) 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;
- (c) 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 listed entity, the event / information is considered material.

(ii) The **listed entity shall frame a policy for determination of materiality**, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.



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### **2. OBJECTIVE**

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The objective of this policy is to prescribe a policy for determining Materiality with regard to disclosure of Events or Information specified in Para B of Part A of Schedule III of the Listing Regulations, 2015.

### **3. APPLICABILITY AND EFFECTIVE DATE**

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This Policy shall be applicable to the Company with effect from 1<sup>st</sup> December, 2015.

### **4. MATERIALITY WITH REGARD TO DISCLOSURE OF EVENTS OR INFORMATION**

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4.1 The Board of Directors or the Key Managerial Personnel(s) authorized in this regard shall apply the following policy for determining the materiality of the event or information specified in Para B of Part A of Schedule III of the Listing Regulations, 2015:

**Events which shall be disclosed upon application of the guidelines for materiality**

**Policy for determining the materiality**

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Commencement or any postponement in the date of commencement of commercial production or commercial operations of any new unit/division.

The new unit or division has the installed capacity to manufacture products that can generate (i) turnover / income which is more than 25% of the consolidated turnover of the Company or (ii) operating profit (i.e., profit before tax) which is more than 25% of the consolidated operating profit of the Company for the audited previous financial year.

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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).	The change in general character or nature of business shall be considered material, if such change leads to reduction in turnover / income from existing nature of business which is not less than 25% of the consolidated turnover / income of the Company for the audited previous financial year.
	Closure of operations of any unit / division shall be considered material, if such unit / division had turnover / income which is not less than 25% of the consolidated turnover / income of the Company for the previous financial year.
Capacity addition	If the Capacity expansion leads to increase in manufacturing capacity by 25% as compared to the existing manufacturing capacity.
Product launch	If in the view of the authorised KMP, the new Product has the potential to generate Turnover in excess of 25% of the total consolidated turnover / income of the Company for the previous financial year.



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Awarding, bagging / receiving, amendment or termination of awarded / bagged orders / contracts not in the normal course of business.	The order / contract is for a value which is not less than 20% of the consolidated turnover / income of the Company for the previous year or has the potential to generate operating profits which is not less than 25% of the consolidated operating profit of the Company as compared to the previous financial year.
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 value which is in excess of one time the net worth of the Company as at the end of the previous financial year.
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.	Disruption of operations of any unit / division shall be considered material, if such unit / division had turnover / income which is not less than 25% of the consolidated turnover / income of the Company for the audited previous financial year.
Effect(s) arising out of change in the regulatory framework applicable to the Company.	If such change has an impact of increasing or decreasing the turnover / income of the Company by 25% or operating profit by 25% or net worth by 20% as compared to previous financial year.
Litigation(s) / dispute(s) / regulatory action(s) with impact.	Having an impact of creating contingent liability which is not less than 25% of the net worth of the Company as at the end of the previous financial year.



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Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.	Having an impact of value which is not less than 5% of the net worth of the Company as at the end of the previous financial year.
Options to purchase securities including any ESOP/ESPS Scheme.	If the value of the option is not less than 25% of the net worth of the Company.
Giving of guarantees or indemnity or becoming a surety for any third party.	Having an impact of creating contingent liability which is not less than 50% of the net worth of the Company as at the end of the previous financial year.
Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	If such granting or withdrawal has an impact of increasing or decreasing the turnover / income of the Company by 25% or operating profit by 25% or Networth by 20% as compared to previous financial year.

4.2 In case of events other than those specified in Para B of Part A of Schedule III of the Listing Regulations, 2015, the following **General Guidelines** for determining materiality shall be applied:

**4.3 Determination of Materiality**

4.3.1 Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the event / information. In order to determine whether a particular event / information is material in nature, the Company may consider the 'quantitative' or 'qualitative criteria(s) mentioned below.

4.3.2 Quantitative criteria to determine materiality shall become applicable to an event / information:



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- 4.3.2.1 where the value involved or the impact exceeds 25% of the gross turnover or revenue or total income; or exceeds 20% of the net worth;
- the above threshold shall be determined on the basis of audited consolidated financial statements of last audited financial year. However if the company has not prepared consolidated financial statements in the last financial year the threshold may be determined on the basis of standalone financial statements.
- 4.3.3. Qualitative criteria to determine materiality shall become applicable to an event / information:
- 4.3.3.1 the omission of which is likely to :
- result in a discontinuity of information already available publicly; or
  - result in significant market reaction if the said omission came to light at a later date;
- 4.3.3.2 if in the opinion of the Board of Directors or the Key Managerial Personnel authorised in this regard, the event / information is considered material.
- 4.3.4 In circumstances where ‘quantitative’ test may not be applicable, ‘qualitative, test may be applied to determine materiality.
- 4.3.5 If a particular information or event in question satisfies any of the ‘qualitative’ or ‘quantitative’ criteria, the Company shall disclose the same to the stock exchanges.
- 4.4 The Company shall disclose all events or information with respect to material subsidiaries of the Company.



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**5. BOARD APPROVAL**

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The Board of Directors of the Company has approved the Policy for determining Materiality with regard to Disclosure of Events or Information on 30<sup>th</sup> November, 2015.

The Key Managerial Personnel(s) of the Company are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to the Stock Exchange(s) under the Regulations.

**6. DISCLOSURE**

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The Company shall disclose the Policy on its website.

The Contact Details of the Compliance Officer shall also be disclosed to the Stock Exchange(s) as well as on the Company's website.

**7. AMENDMENTS**

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The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.

**8. INTERPRETATION**

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Any words used in this policy but not defined herein shall have the same meaning as prescribed in the Companies Act, 2013 or Rules thereunder, SEBI Act or Rules and Regulations made hereunder the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other relevant legislation / law applicable to the Company.

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