

POLICY FOR DISCLOSURE OF EVENTS OR INFORMATION & DETERMINATION OF MATERIALITY

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INTRODUCTION

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations), notified by SEBI vide notification dated September 02, 2015 shall become effective from December 1, 2015. Regulations provides for disclosures of events or information and also formulation of Policy for disclosures thereof.

AUTHORITY FOR DETERMINING MATERIALITY OF AN EVENT OR INFORMATION

I. CONSTITUTION OF THE OPERATING COMMITTEE

There shall be an Operating Committee comprising of the KMPs viz. CEO & Managing Director, Deputy Managing Director, Chief Financial Officer and Company Secretary and shall also include the Executive Directors.

II. The Committee shall:

1. Determine materiality of the event that qualifies for Disclosure under Regulation 30 of the Regulations;
2. Oversee the disclosure of the events qualifying under Para A of Part A of Schedule III of the Listing Regulations as and when they arise. The disclosure is to be made to the Stock Exchanges on the recommendation of the Operating Committee by any of the KMPs.
3. Oversee the disclosure of the events qualifying under Para B of Part A of Schedule III subject to qualifying the test of materiality.

Explanation: ‘Test of Materiality’ means that the Company shall consider the following criteria for determination of materiality of events/ information as enlisted in Para B of Part A of Schedule III:

- (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; or
- (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.
4. Oversee the process of keeping the Stock Exchanges abreast of the material developments in respect of the Disclosures made on a regular basis, till such time the event is resolved / closed.
 5. Identify the situation where an event occurs or an information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on the Company.
 6. Apart from the above, the Committee to also oversee disclosure of information having bearing on performance/ operation of the Company or price sensitive information in relation to Non-Convertible Debenture and Non-Convertible Redeemable Preference Shares, if applicable, as provided under Part B of Schedule III under Regulation 51(2) of the Regulations.

III. The Operating Committee shall meet as and when required under the Chairmanship of CEO & MD. In the absence of CEO & MD, the next higher authority of the Committee viz. Deputy Managing Director, Senior most Executive Director. , Chief Financial Officer, in that order will chair the Meeting. The Committee shall meet as and when required to disseminate information under the Regulations.

SPECIFIED EVENTS/INFORMATION, IDENTIFIED AS MATERIAL AND REQUIRED TO BE DISCLOSED TO STOCK EXCHANGE(S)

A. Events which shall be disclosed without any application of '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. 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 listed entity 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.
14. Amendments to memorandum and articles of association of the 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;

B. Events to be disclosed upon application of the ‘Test of Materiality’:

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 Company 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 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.

C. Any other information/event viz. major development that is 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.

D. Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by SEBI from time to time.

C. Disclosure of Information having bearing on performance /operation of listed entity and/or price sensitive information: Non-Convertible Debt Securities & Non-Convertible Redeemable Preference Shares, whenever applicable.

- (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 Company 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 (the Company) 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, the Company 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 programmes 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.

D. In addition to the above, the Company shall disclose all events or information with respect to the material subsidiaries

Explanation: “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

MECHANISM FOR FLOW OF INFORMATION

The Regulations contain within itself a gamut of events which qualifies for Disclosures to be made to the Stock Exchanges. However, owing to the nature and scale of operation of the Company, such events are not Department centric and therefore may erupt from the operations of various departments of the Organization which may inter-alia include Secretary's Department, Accounts and Taxation, NRLG, Resources and so on.

In view of the above mentioned, it becomes indispensable to ensure that there exists a mechanism for flow of information so that the Operating Committee may be apprised of such events which qualify for Disclosures to be made to the Stock Exchanges under the provisions of the Regulations .

In light of the above mentioned the following *process* may be followed:

Step I: The Department Head / regional Office Head shall apprise the Operating Committee about the happening or the possible happening of such events which requires to be disclosed to the Stock Exchanges.

Step II: The information as reported by the Department Head / Regional Office Head shall be placed before the Operating Committee which in turn shall decide into the appropriateness to be disclosed to the Stock Exchanges.

Step III: The Operating Committee will accordingly recommend the disclosure of information to the Stock Exchanges about the events which qualify for disclosure as per the provisions of the Regulations. A copy of which shall be marked to the relevant Department Head / Regional Office Head. Any of the KMPs can inform the Stock Exchange(s).